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MODERN MANAGEMENT

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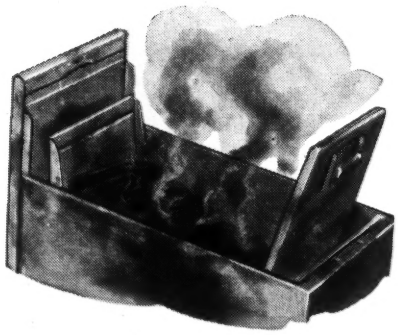
- Controls—Before or After
- Technical Staff Functions
- City Management is Big Business
- Making Executives of Engineers
- Organizational Teamwork

JUNE 1951

INSURED? OF COURSE! When fire struck Mr. A's store, he wasn't especially worried. His fire insurance coverage was adequate, and his only problem—or so he thought—was to replace his fixtures, equipment and merchandise as quickly as possible.

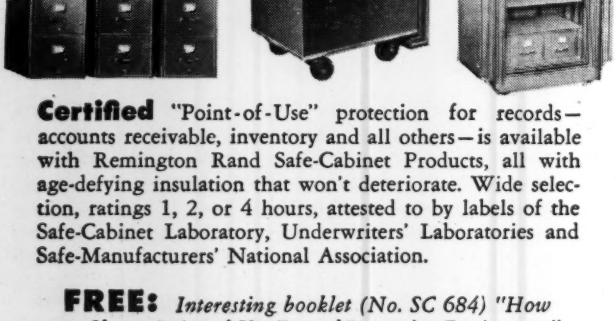


BUT HIS TRAGIC OVERSIGHT was this—he hadn't protected his "sold inventory"—goods delivered to customers and not yet paid for. The fire completely destroyed his records, and he couldn't possibly remember all the people who owed him money

BANKRUPT...

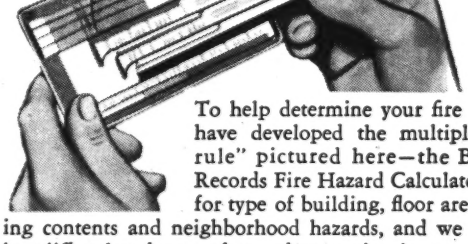
IN THE BIGGEST YEAR HIS BUSINESS EVER HAD

HOW COULD THIS HAPPEN? All too easily, for as many people fail to realize: (1) "Fireproof" buildings don't burn but their *contents* do. (2) Filing cabinets, though made of steel, don't protect records, for steel *transmits* heat to the inside, and paper chars though untouched by flame. (3) Overnight vault storage does no good if fire breaks out (as often happens) during business hours.



Certified "Point-of-Use" protection for records—accounts receivable, inventory and all others—is available with Remington Rand Safe-Cabinet Products, all with age-defying insulation that won't deteriorate. Wide selection, ratings 1, 2, or 4 hours, attested to by labels of the Safe-Cabinet Laboratory, Underwriters' Laboratories and Safe-Manufacturers' National Association.

FREE: *Interesting booklet (No. SC 684) "How to Choose Point-of-Use Record Protection Equipment." To get a copy, phone us locally or write Remington Rand, Room 1158, 315 Fourth Ave., New York 10.*



To help determine your fire risk, we have developed the multiple "slide rule" pictured here—the Business Records Fire Hazard Calculator. Set it for type of building, floor area, building contents and neighborhood hazards, and we can tell in a jiffy what degree of record protection is regarded as a safe minimum for your records. Ask for a survey—no charge, no obligation.

Remington Rand INC.

The FIRST Name in Record Protection

Volume XVI No. 6

June, 1951

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Dynamic Organization

IT IS OFTEN SAID that the only thing constant is change. This is certainly true of all of our economic, political and social institutions, and of the whole field of management. Every phase of management is subject to continuous review and change. Perhaps the classic example of such change in management is found in the field of organization.

Sometimes it is erroneously believed that an organization pattern can be established, agreed upon, recorded, implemented, and remain fixed from that point forward. This is certainly not the case. The only way that the organization pattern can remain constant and permit continued effectiveness is for all factors to remain constant, and this, we know, seldom if ever occurs. Organization is dynamic. If we establish an organization pattern today, we will probably find tomorrow that we need to make some change in the detail of the plan to permit it to function effectively.

The importance of planning and building a sound organization structure is generally recognized, and yet in many companies it is an activity to which there is a great deal of resistance.

"What is the matter with the way we are operating now?" "We have obtained good results in the past under this method of operation, why should we change it now?" "This organization pattern has worked ever since the business was founded." "If it worked then, why won't it work for us today?"

This pride in the accomplishments of the early management and in the growth and development of the business is certainly understandable, and yet such pride in tradition can block forward progress. The reasons offered for preserving the organization structure which has been traditional with the company are, in effect, the reasons for changing the structure.

Reason, practical and logical considerations, should govern in organization planning, yet *emotionalism* plays an important part. Emotionalism accompanies the feeling of pride in the accomplishments of the founders and early managers of the business. And there is another emotionalism which enters into this situation. Many of the businesses founded fifty to one-hundred years ago were then operated on the "one big family" idea. Management had a strong feeling of responsibility and affection for the individual employees associated with the business, and it had a strong desire to consider the best interests of the employees as individuals, *and* employees felt a "oneness" with management. The informal relationships which prevailed at that time were possible because the economic, social and political institutions, and the patterns of living and thinking which prevailed at that time, made such methods of operation possible. Our whole way of living has changed since that time. Outside amusements and diversions have developed which detract from the predominating influence which the job had on the individual in former days. Present-day economic, social and political life have produced barriers which must be surmounted. These changes have altered the whole pattern of employer-employee relationships in the individual business. It is not possible, then, to function effectively without making appropriate changes in our organization planning and operation which will compensate for these changes.

Tradition is one of the reasons for resistance to change, but there are others—pride in authorship, a hesitancy to accept anything which we, ourselves, did not develop, a dislike of any change, and a desire to stay on the beaten path and avoid that which, to us, is new, novel, and untried.

These are real obstacles which must be met, and there are other problems involved. Some work in the field of organization has been done largely disregarding the individuals currently employed at the several executive levels. There are those who subscribe to this method because they believe that in the development of an organization plan, the individuals—the personalities—must not be considered.

While it is true that we should not develop an organization pattern to fit the present executives, it is equally true that we should not develop an organization plan which would not consider the present executives. The method should be one of developing the organization plan on the basis of the similar and complementary nature of the functions. The qualities and capacities of the present executive group should then be reviewed in an effort to fit the present executives into the organization plan designed. Since it is never possible to make a complete matching of individuals with jobs, the principle of intelligent compromise should then be applied. Such adjustments must be made as are logical and consistent with the objectives, policies and principles which the plan was designed to cover. The adjustments of the jobs and their requirements should be accompanied by the training and development of individual executives wherever they do not measure up to the standards and qualifications specified by the organization plan. This prevents major dislocations of personnel, and consequent organization upset, in large measure. This is consistent with the principles of good management, because *management is the development of people, not of things.* It is considerate, it is not ruthless, it is practical, it is intelligent, and it is effective.

It must be remembered that *the purpose of organization planning and design is to develop a pattern for effective human relations* in the organization. If the executives of the organization who are responsible for administering its affairs do not believe in the organization plan, or have been upset by the plan and are not in sympathy with it, the organization plan will not work, and the purpose for which it was designed will have been defeated.

It is necessary that we recognize that the development and installation of an organization plan is only the beginning of our organization work. If we develop and install the plan today, it will need adjustment "tomorrow." Organization work is dynamic — in a constant state of change — and its effectiveness can only be insured when it has continued attention from those who know and understand the principles of sound organizational planning.

—DILLARD E. BIRD

Human Relations-The Armco Story

By ED SCHMID, JR.

Public Relations Division
Armco Steel Corporation

Steelman George M. Verity surmounted vast obstacles by means of an abundance of only one asset—Human Organization.

IMAGINE SETTING out to build a steel company with handicaps like George M. Verity's:

He had no capital.

He was not an engineer.

He had no experience or knowledge of steelmaking.

He didn't know what kind of machinery or equipment he would require.

He had no site, plans, blueprints, and no estimates.

Yet Verity succeeded! The company he founded and directed until his death in 1942—Armco Steel Corporation—is today a $300 million corporation employing thirty thousand men and women in plants and offices all over the world.

BUILDING A COMPANY

When you consider those handicaps and Armco's success in an industry which has always been intensely competitive, it is natural to ask:

"What made Verity — and Armco — succeed?"

There is no single answer, of course. Everyone familiar with the man and the company answers it in his own way. Some cite two or three reasons, and others a half-dozen.

But in virtually every list of reasons why Armco and Verity met success you can find: "the company's policies." Because an overwhelming majority give credit to those policies, they merit close examination.

They began when Armco began, in 1900. They were Verity's policies. They came directly from the one powerful asset he had when he set out to build a steel company—his genius for attracting capable men and winning their confidence and loyalty. He offered them a fair and square deal, humane treatment, friendship, and understanding.

In the earliest days, skilled steelmakers came to Armco nursing grouches and brimming with dissatisfaction over the abuse and mistreatment that were the rule in steel plants of that time. Some listened to Verity—and left. They had heard fine talk before. Others remained —remained because Verity meant what he said; because he understood them; was interested in them; wanted to help them.

Progressive and enlightened management today realizes more and more what Verity knew and practiced long ago: human relations in business are extremely important.

Although it does not show directly upon the balance sheet, the human organization represents the most valuable asset any corporation possesses and it *does* affect the balance sheet in no uncertain way. Tangibles like buildings, equipment, and machinery are merely tools. The control of, and solution to, problems of cost, quality, output and production which come from the use of those tools lies in the human element. Tools can't think, but men can, and will if their cooperation and interest is maintained.

Just as management employs trained engineers to study processes and devise new methods of manufacture; just as they employ skilled research workers to test raw materials and create new products and improve existing products; management now employs technicians in human relations who aim at maintaining the cooperation and interest of all concerned.

Verity was Armco's original technician in that field. As his organization grew, he showed his expanding management group how he wanted the company operated. He insisted that it be *his* way, even though some industrial leaders elsewhere scoffed at his humane policies; called them "visionary," "impractical," and "molly-coddling."

But he and his associates soon had all the proof they needed that his methods and ideals were nothing more than the best kind of business practice. Verity knew they were not philanthropic. On the contrary, he said they were nothing more than plain common sense.

By way of illustration, about the time Verity put his policies in writing, the company adopted the three-shift day, a practice which was branded by other steel producers as "utterly impractical" for several years afterwards.

BUILDING PRODUCTION

At the time, steel industry custom called for 11 and 13 hours a day at heavy and hot work. And the seven day week was not unusual. Ministers denounced those customs and were called "meddlesome preachers" for their pains. Criticism from outside observers was labeled "radical agitation." Steel's spokesmen defended the customs by saying, since most steelmaking processes were continuous in nature, all talk of shortening hours of work was impractical—or worse.

With his basic policies pointing the way clearly, Verity approached the problem from the standpoint of what was best for the company. Since he believed that safe and pleasant working conditions made for more efficient operations, he put 8 hour shifts to test in one of his

departments, after discussing all angles of the move with the men affected.

The experiment was successful and it was introduced into other departments. Little by little, the entire industry saw the wisdom of Verity's way, and accepted the 8 hour day.

The industry found that increased labor costs were offset by increased production per man hour. Unit production costs fell while the per-day pay of men was raised. And the men had more time for recreation, self-improvement. They were healthier, happier, and more efficient.

In large corporations there are hundreds of people making decisions which affect the personal lives of thousands of others. Unless those who are responsible for making decisions thoroughly understand the aims and ideals of the company there may be inconsistent application of policies, no matter how honest, sincere and well-intentioned the general management may be. Then friction and confusion are likely to follow.

It was to prevent misunderstanding, by stating clearly and simply the way Armco's business was to be conducted, that Verity put Armco's policies in writing. He submitted them to the company's board of directors for approval in 1919.

After serious study of the responsibilities and obligation which the company would have to assume because of them, the directors approved them. They became the platform upon which the company would stand in the future.

Careful study of Armco's policies will show they cover virtually every conceivable problem or situation, because they are stated in general terms to permit broad application.

They begin with this refreshingly frank introduction: "Armco Steel Corporation was organized to provide a permanently profitable investment through the manufacture of special grades of iron and steel required in the fabrication of such finished products as might, from time to time, be demanded in an ever broadening field."

In effect, Armco said, "We are in business for profit." Next, the company said, "to secure such a result in the largest measure, its organizers believed that it would be necessary to adopt and practice such policies as would bring about a condition of mutual confidence and create a spirit of sympathy and of real cooperation between the members of its working organization, its customers, its stockholders, and the citizens of the communities in which its plants would be located."

To help build that confidence and cooperation, Armco does its level best to "take the mystery out of business." The phrase was coined many years ago by Charles R. Hook, who is chairman of the Board of Directors. Hook used it so often that business acquaintances at one time affectionately referred to him as "Mystery Hook."

As far back as 1922, he was explaining what he meant by "take the mystery out of business." He put it this way:

"The vast majority of people, whether they work solely with their hands or their heads, have neither by education, training, or experience been able to grasp the real meaning of the words Capital, Surplus, Invested Capital, Profits, Dividends, Gross Earnings. Net Earnings, Overhead, Depreciation, and innumerable other words descriptive of vital factors entering into present day business.

"To the average individual there is a mystery surrounding all these things that breeds suspicion and opens the door to the false prophet and the agitator. A determined effort must be to clearly explain away the mystery."

BUILDING CONFIDENCE

Hook has always been quick to point out that there is no single, miracle-working formula for building confidence and understanding within an organization. But he maintains that any plan which provides proper contact between managers and men will be helpful as long as there is a sincere desire to work together and co-operate.

An example of building confidence—one of Armco's principal policies—occurred when Hook was Assistant General Superintendent of the company in 1904. Bear in mind that this was long before our present schemes of industrial democracy, when Armco had but one small plant employing about 500 men.

Hook was new at the job. The men did not know him, and he did not know them. But he wanted to know them, and their problems. And he wanted them to understand and appreciate *his* problems.

He tells the story this way: "Most of our men then were union members, and in one particular department, I asked for the privilege of attending their lodge meeting. Those men nearly fainted. They told me that they had never heard of such a thing as an employer coming to a lodge meeting and talking to the members of the union."

"I said, 'Let us break precedents and make the start. Let us know each other a little better.'

"They scratched their heads and said: 'We will have to call a meeting over that and see whether we can. We don't know whether our national laws will permit such a thing.'

" 'What does your union stand for?' I asked. 'Is it merely a grievance committee to secure from your company all the wages you can squeeze out of it, or is the union a constructive organization designed in our mutual interest?'

"This last question proved to be the crux. It was too difficult to explain and they didn't like to admit that their first purpose was as I intimated. So I spoke to the lodge and asked them to elect an advisory committee whose job it would be to meet with me weekly.

"At our first meetings I asked for advice about certain matters. With that easy, disarming beginning, they decided there was no harm in the meetings. Other meetings followed. As time went on we got to know each other better; there was more confidence; suspicion began to die out and we began to take up matters of greater importance. Those meetings built for us a real foundation of confidence and understanding which proved of great mutual benefit in years to come."

All of Armco's policies are stated in eleven plainly worded paragraphs. Following them, the document addresses itself more specifically to the community, management, and employees.

To the merchants, professional men and women, and the citizens of the communities in which Armco plants are located, Armco Policies have an important meaning. They recognize the company's and the employee's responsibilities toward the community.

To those in supervisory positions at Armco, they serve as a guide in making consistent, uniform decisions, just as the Constitution of the United States serves as a guide to Congress in the enactment of laws. By consulting his copy of the Policies, every supervisor can immediately familiarize himself with the company's position with respect to treatment of customers, stockholders, employees and the community.

And to those who are not in supervisory positions, Armco Policies represent the standard of treatment they have a right to expect, as well as a standard by which to measure the treatment received. Industry has standards of cost, standards of quality, and standards of policy. Armco Policies represent standards for our relations with one another.

As a specific illustration of carrying out three Armco Policies — good treatment, good and safe working conditions; good living conditions—consider Armco's Group Life Insurance program.

Today it is hard to believe that group life insurance policies were difficult to buy forty years ago. No steel companies at that time had group insurance for employees, and the insurance companies were unwilling to take the risk.

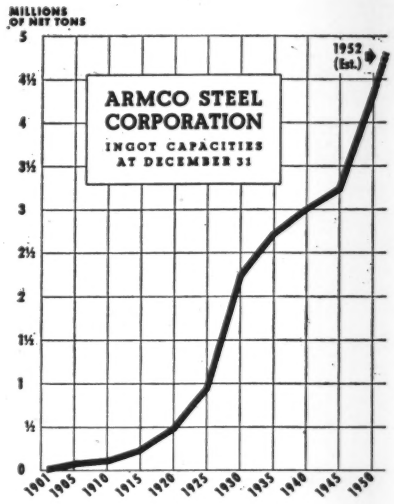
"Steelmaking is such a hazardous occupation," insurance men said. "We can't insure your employees under the group plan." Not one, but several insurance experts gave Armco officials the same answer.

But the Armco spokesmen persisted in their investigations. They explained to insurance officials about the safety programs at Armco plants. That, too, was something new, and not fully appreciated. Accidents, many thought, were bound to happen, and in a steel plant they were expected to be more frequent and more severe than in other lines of work.

The search continued for an insurance company of good, sound financial strength willing to "take a chance" on Armco men and women.

Eventually, in January, 1917, the efforts were rewarded, and in that year the first Armco Group Life Insurance policy was issued. Today, Armco men and women have more than 100 million dollars of this insurance. No policy is less than $2000, and the average is considerably above $5000. In many cases, this is the only insurance an employee owns. To these, it is more than a comfort, when death strikes the breadwinner of the family. It helps children with their schooling, provides needy income for widows, and adds substantially to the future security of the families.

But Armco Policies, when addressing itself to employees, does more than cite the standard of treatment Armco men and women have a right to expect. It also points out the responsibilities of *men to the company.*



All in all, it is a declaration of intentions. It has special significance to employees in that, though given to every new employee with an explanation of the company's rules, it is a code of ethics, rather than the usual collection of "You-must-nots".

And the rules are nothing more or less than the simple courtesies which free men must agree upon in order to remain men and free.

Adherence to the Policies is a responsibility that supervision cannot delegate. Since they have been formally approved by the board of directors, they are orders from superiors, as final and firm as an order to operate the mills and roll steel.

These are the planks in the platform on which Armco Policies are based:

1st. *A Square Deal:* To insist on a square deal always to everyone. There are two kinds of a square deal, the Armco kind is born of the belief that we should do right for right's sake and not simply to secure a desired result. The other kind is born of a selfish purpose, and that "Square Deal" is simply used like cold steel—as an instrument of accomplishment. It is the body without the spirit; the hand without the heart; and it cannot be permanently effective.

2nd. *Compensation:* To provide not only fair remuneration but the best Compensation for service rendered that is possible to pay under the changing economic, commercial and other competitive conditions that exist from time to time. It is Armco's ambition to develop an organization of such spirit, loyalty and efficiency, that can and will secure results which will make it possible for individual members to earn and receive better compensation than would be possible if performing a similar service in other fields of effort.

3rd. *Incentive:* To provide every possible and practical sound incentive to best effort, as it is the great mainspring of all human accomplishment.

Life, as organized, has many incentives that urge us on to do our best in our chosen field of effort. Loved ones dependent on us for care, protection and education provide one of the greatest incentives which come to a normal man. Organized industry can, however, add other real incentives which should make for increased efficiency and more certain progress.

4th. *Opportunity:* To provide every possible opportunity for advancement, as it is the ladder on which the individual hopes to reach his ultimate goal—his heart's ambition. Without such a ladder, there can be no such hope, and without hope, life may be a failure. It is a fixed Armco policy to provide such training opportunities as will give the individual substantial aid to his advancement.

5th. *Working Conditions:* To create and maintain both good and safe working conditions. Armco believes that good and safe working conditions, in the fullest sense of the expression, are absolutely essential to industrial efficiency and progress. For that reason, concerted effort is continually to be made to provide equipment such as will make for cleanliness and orderliness and safety, and such training as will reduce to a minimum the possibility of accidents through the organization.

6th. *Living Conditions:* To encourage, in every possible way, good living conditions. Armco believes that good living conditions, in both home and community, are essential to the highest individual efficiency; that happiness, which every human being craves, cannot be attained without them.

Environment: Armco believes that, individually and collectively, we are the product of the environment in which we live and work. It believes that clean, orderly approaches and mill yards help to make us walk straighter, think clearer and feel finer than do uncared for premises, and that a good environment is the foundation of the home.

7th. *Mutual Interest:* To encourage such organization activities as will clarify and enlarge the mutual interests of

As I Knew Him . . . .

My friendship with George M. Verity grew out of our mutual interest in the Westinghouse Electric Corporation. He was a veteran director when I became chairman of the Board in 1929. Before the year was over, we were moving into a depression which culminated in 1932 for the Westinghouse Company. It was a most difficult time for the company and there were many problems that required consideration on the part of the directors and the management. I had occasion to meet Mr. Verity in his apartments in New York hotels; I had the pleasure of visiting him at his home in Middleton; I attended public meetings with him and gradually acquired the all-round information which a friend has of another friend, although we never became as intimate as men who have known each other in their youth.

I am sure all men thought of Mr. Verity as a kind man. I remember him doing many thoughtful and generous acts and have no recollection of anything of an opposite nature. His kindness covered a wide field. He recognized the importance of the telephone operator and made her feel that she was important and helpful to him. He was gracious and courteous to the stenographer who took his dictation.

He was wise and shared his accumulated wisdom. He understood the basic philosophy which underlies action. He knew that in the long run results come from planning and living rather than by chance. I remember he used to say that you cannot go or plan any further than you can see — meaning that clear vision was of first importance. In amplification of this thought, I remember the Biblical phrase that one sees through a glass darkly or face to face — namely, clearly. He always saw the clear vision, taking into account other people's points of view as well as his own.

I think of him as one of industry's great leaders, a man of good will at all times. If he prospered, he prospered because other people prospered and not because they suffered at his hands. At his death, none that knew him thought that "no man is indispensable" for they knew that when George Verity left his world, it created a loss that no man could readily fill. Fortunately, his ideas lived after him and became alive through the men he had trained. The success of the Armco Steel Corporation is the natural result of his able leadership.

A. W. Robertson
Chairman of the Board
Westinghouse Electric Corp.

all who are working with the management of the Company. Mutual interest is the "cement" that binds a group of men and women together in every sort of productive effort. Without a true "mutual interest" there can be no serious application, no real loyalty, nor cordial cooperation, and little chance for concerted and effective effort.

8th. *Cooperation:* Through the operation of orderly plans which encourage frank and friendly discussion between management and the organization at large, understanding and confidence have been and will be established. This is the foundation upon which cooperation is built.

Cooperation is the medium through which all great accomplishments are attained. Success, ultimate and complete success, depends more on a spirit of helpful cooperation than on any other one factor.

9th. *Armco Spirit:* Through the full and fair application of all Armco Policies, to develop Armco Spirit is its broadest interpretation within the organization.

Armco Spirit has been a gradual but definite development from the very beginning; it has become ingrained in the lives of Armco men and women, and needs no introduction or explanation except to those who are newcomers in the organization.

The great unseen and intangible powers of nature which have been controlled and used by man, are unquestionably among the greatest influences which we have available for use today in our human undertakings. What we call "Spirit," as applied to human activity, is one of those mighty unseen influences that make for victory, both in the pursuits of peace and in the tragedies of war. Without a real group of community spirit in commercial and industrial organization, cooperative effort would lack both the pride and the power of accomplishment.

Armco Spirit makes for production and progress and for the mutual prosperity of Armco men and their Company.

Addressing itself to the communities in which the Company has plants, Armco Policies says:

First: We believe that to whatever extent national industrial stability or instability exists, it simply reflects the sum of the average conditions in individual communities.

Second: That with the exception of great national disasters, it is the responsibility of the community to create such conditions as will eliminate human unrest and unhappiness and to deal sympathetically and helpfully with the emergencies and tragedies of life.

Third: That industrial stability is largely influenced by local civic conditions.

Fourth: That industry should, therefore, not only keep its own house in order, but should support every sound constructive agency established in the community, in an effort to make civic conditions respond to the highest needs of its citizens.

In all these things, Armco has said to the communities in which its plants are located: "You do your best to make civic conditions respond to the highest needs of your citizenship and support every proper thing that will make for civic and industrial stability and progress, and we will work with you sympathetically and helpfully."

And as Charles R. Hook, Chairman of the Board of Directors of Armco, has said repeatedly, both in talks and in written articles, "Any man who feels he has not been treated in accordance with the company policies, after taking up his case with each succeeding supervisor and failing to secure satisfaction, may appeal to me." The fact that such a small number have, through the years, appealed their cases to Hook, is a tribute to the ability of supervisors, and their fairness and consideration in handling human problems.

Care and Preservation of Executives

By HOWARD A. RUSK, M.D.

Associate Editor, THE NEW YORK TIMES;
Professor and Chairman,
Department of Physical Medicine and Rehabilitation
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Like old soldiers, more executives should go on and on—at a saner pace—until they "just fade away," according to this noted medical authority.

A TYPICAL FRIEND of yours, an executive in an advertising agency, 42 years old, worked long hours and under a great deal of tension. His last two life insurance examinations showed his blood pressure to be up a little. During a board meeting one afternoon, after a heavy lunch, he suddenly felt an excruciating pain over his heart radiating down his left arm. Brown clutched his chest, then collapsed. He was taken to a hospital immediately and the diagnosis of coronary thrombosis was established. Brown spent six weeks in the hospital, and upon discharge, was told that he must change his mode of life—work a four-hour day instead of a fourteen-hour day, avoid extremes in exercise, diet and especially work.

Brown had good intentions, but he just couldn't seem to let down; after a month of caution, he started back on his long day and a briefcase full of material for the weekend. A year after the first attack, a second one came one morning as he was dashing for the 8:12 train. (The next one left at 8:20.) This time there was no "hospital and six weeks in bed"—Brown was dead, dead because he hadn't learned to live with his disability.

This story is repeated somewhere in the United States every minute, for disease of the heart and circulation are responsible for one out of every three deaths in this country. During World War II, the battle deaths in our nation's Armed Forces approximated 325,000, but during this same period more than two million men, women and children on the home front were killed by diseases of the heart and circulation.

INVESTMENT IN MEN

Although there is no direct evidence that mortality rates from heart disease are higher among business men than others, one can hardly read the daily obituary notices without seeing a note of one or more young executives who have "died in harness." General Motors Corporation in 1944 reported that 189 men in their management group had died in the preceding five years. The Life Extension Institute reported that of 1,000 holders of life insurance policies in amounts of $25,000 and over who had received extensive examinations since 1938 (of whom 81 per cent were over 40 years of age) 79 per cent were found to have physical impairments, 18.5 per cent of which were high blood pressure and 22 per cent abnormalities of the heart. This is the group that is most expensive to train, for the wisdom of judgment that comes with experience is their most valuable asset.

The executive group could well be compared with the pilot in an operating air force. It is estimated that training a pilot costs well over $50,000. This is a great investment and consequently the Air Force has a special medical program for the "care of the flyer." Their medical examinations come at frequent intervals, and are meticulously done from both a physical and psychological standpoint. The airlines follow the same patterns and the results have been most dramatic. Pilots, planes, passengers and cargoes have been saved because pilots have been kept fit. There is a great need for a similar program for the care of the executive if we are to preserve our most valuable assets. This is particularly true during the current period of national emergency when skilled manpower is critical and when even greater demands are being made upon our executives.

THE COMPANY CHECKS UP

More than 300 corporations now offer their executives periodic health examinations. One of the first to do so was General Motors who, in analyzing their 1946 experience, found that of 718 executives examined, 590 showed some pathology of which 24 per cent was related to diseases of the heart and circulation.

The Consolidated Edison Company of New York recently reported its experience with 307 executives in "*Industrial Medicine and Surgery*" (May, 1950) in which Dr. S. Charles Franco said, "The periodic health examination uncovered major medical conditions in 25 per cent of the executives examined. These mainly involved the cardiovascular system. Obesity was another major finding, and 50 per cent of these had associated cardiovascular involvement. Experience with health counseling shows that these conditions can be prevented in many cases, and greatly improved in others."

This is the same experience as that of the Standard Oil Company whose Medical Director, Dr. Robert C. Page, has reported that out of 290 executives examined, 200 had medical problems, many of which were important and materially affected working ability. Stressing the importance of frequent examinations, Dr. Page said, "It is only when disorders are found in very early stages that proper corrective procedures will give favorable results and the true principles of constructive medicine can be applied."

In a recent article in the *Journal of the American Medical Association* (De-

cember 2, 1950), Doctors Portis, Zitman and Lawrence summarized the main problems of executive health in their study of 55 executives under the age of 50 when they said, "The average business man, if he is in apparent good health, does not go to a physician of his own volition. Twenty-eight of the 55 executives included in this study hadn't had a physical examination within the preceding two years. The predominant reason appears to be that everyone thinks his or her organs are superior although he knows less about the workings of the human body than he does an automobile. . . . The intelligent person who has an automobile will take that machine into a service station every one or two thousand miles to have it oiled, greased and checked, but he does not give equivalent care to his own body . ."

TOLERANCES FOR "SELF-DRIVERS"

"The executive who knows his job well should be able to work with the ease and precision of a well-oiled machine. But the executive who has the ability and is disturbed by some emotional factor finds his efficiency definitely impaired and usually resorts to artificial stimulants to whip up his system; thereby he drives his body beyond the limits of its factors of safety. In the human body the factors of safety are no different from those of steel, wood or any other structural material. A certain load can be tolerated, but beyond the limits of stress the compensatory mechanism no longer functions and the body begins to show wear and tear."

One of the most unique programs of health examinations for executives is that which has been operating at the Greenbrier Clinic in White Sulphur Springs, West Virginia, for the past three years. The clinic was organized in 1947 at the suggestion of Edward Stettinius who felt that if executives could go to a resort and have a leisurely examination outside the hospital and usual clinic atmosphere, more would be "enticed" to have a yearly check-up. It was not to be a routine medical examination, but a careful, positive health inventory that would explore the executive's habits, anxieties if any, social and business problems, and anything else that might have a bearing on his health and efficiency.

The clinic was organized under the direction of Dr. James P. Baker, a medical teacher from Richmond, Virginia, with a staff of two excellent internists and a top medical advisory board representing a cross-section of American medicine. During the clinic's first two years, one company has sent 89 executives for examination. In only eleven of these, no disease was found; twenty-four were overweight, and twenty-nine had some disease of the cardiovascular system.

MORE "BROWN RICE" NEEDED

It was interesting that in this group seventeen showed evidence of secondary anemia. This finding might be compared with the vitamin deficiencies noted in the upper-level Chinese population who ate polished rice while their less-financially fortunate fellows, who ate cheaper rice, did not acquire beri-beri since the necessary preventive vitamins were in the husk of the brown rice. It is also interesting that since the price of rubber has soared in the Malay states, so has the incidence of beri-beri, as the workers now have more money in their pockets with which to buy white rice rather than the more beneficial brown rice they traditionally eat. They are like executives in one respect — they select their diet on the basis of personal likes and dislikes rather than modern nutritional knowledge.

Doctors Portis, Zitman and Lawrence had somewhat similar observations from their study. They stated, "It is our observation that the person whose occupation is largely sedentary and primarily mental usually does not have good eating habits. Many an executive will rush to work without an adequate breakfast, although he is in a field of endeavor in which food is of paramount importance because he is using his brain constantly. Breakfast is one of the most important meals of the day because in the morning most persons have fasted for 12 or 14 hours and because physiological studies have shown only enough dextrose reserve in the body for 12 hours."

TWO BASIC RULES

The problems of health are complex, but there are two simple rules that all executives could follow profitably. The first is a regular periodic health examination; the second, the development of better habits of eating, rest and relaxation. Just as executives develop a philosophy of business, they need to develop a philosophy of life in which "peace of mind" plays a prominent role. Ironically, our business men reach the executive level because of their good judgment, common sense, balance, perspective and the practical approach they use in solving the problems of management of their firms. Too frequently, however, those qualities are sorely lacking in the management of their own health.

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SOCIETY FOR ADVANCEMENT OF MANAGEMENT

84 William Street, New York 38, N. Y.

Control During Action

By CARL J. KOENIG
Registered Professional Engineer

Defined as the function of regulating and constraining within predetermined specifications, the constant application of control is in the interest of economy.

AT AN EVER INCREASING and accelerated rate the top management of American business and industry is adopting the more advanced principles of scientific management. A number of factors are responsible for this trend, of which the following three are the more important:

a. The advancement to top management and to important staff and executive positions of men formally trained in scientific management;
b. The realization on the part of top management that the principles are sound and have records of proven success;
c. The realization that, during periods of keen competition and rising costs, the success, if in fact not the survival, of the business depends upon the application of such principles.

Of the many facets of scientific management, Management Control is one of the more recent and most effective of the management tools. A completely effective management control unit embraces far more than the financial control usually vested in the Comptroller. It consists of the functions of data collecting, statistical analyzing and evaluation, synchronizing, and guidance for the top executive. If properly employed, it is one of the most powerful tools of top management.

During World War II, the Armed Forces instituted broad programs of control and economy. No doubt much influence for the adoption of these programs came from business and industrial advisors to top military leaders. The action was appropriate and much needed. It was time that the "largest business in the world" instituted such programs so as to force the most out of the devaluated defense dollar. Until then, most actions, whether planned on a long range basis or of an emergency nature, were justified and explained on the basis of military expediency. While poorly controlled and wasteful operations at home frequently saved lives (and this was important), it is absurd to conclude that one or the other is inevitable.

THE CONTROL AGENCIES

With the advent of a second personnel and industrial mobilization within a decade, a review of the industrial planning and management during WW II should be undertaken, and should lead to the avoidance of mistakes and waste which our present economy can ill afford to have recur.

In the March 1950 issue of ADVANCED MANAGEMENT, Professor Alex W. Rathe, of New York University, explained in detail the importance, organization, and functioning of an effective Management Control staff. Dr. Rathe proposed that the Director (or Chief) of Management Control have two subordinate echelons: the Planning and the Control. As defined, the Control function becomes more appropriately "after-action analysis." Its usefulness as a control measure, as described, is chiefly for the next or subsequent periods, operations, or phases.

It is therefore proposed that the excellent principles and procedures outlined in Rathe's article be augmented so as to provide for "During-action Control". If the necessity for such is concurred in, then the Control staff should be organized as indicated in Figure 1. The latter indicates three agencies immediately subordinate to the Controller. The Planning agency is as proposed by Professor Rathe. The Control agency has been introduced. It is responsible for the guidance of the execution of the plans. It receives interim reports; makes interim observations, audits, and analyses; reaches interim conclusions; and takes interim action by making interim recommendations to the planning agency for concurrence and immediate recommendation to line supervision for action. It truly exercises *control* at a time when needed, recognizes errors or mistakes when they are incipient, and attempts to correct them before they become costly. The third agency is the Analysis agency. It makes after-action analyses to determine what actually *did* take place, and its functional responsibilities are as outlined. Its importance in the true control function, *for the next and subsequent operations*, is concurred in and enthusiastically upheld.

It is agreed that the Control agency, as proposed herein, need not necessarily be a large group. It is believed that it should have an independent head or chief reporting directly to the Controller. His staff, however, may be small and it may be made up of representatives of both the planning and analysis agencies. In organizations where new methods, new operations, and new procedures are not constantly being instituted, there may be periods of relative inactivity for this group. In such organizations, the Control agency chief might logically be the Assistant Controller or Executive to the Controller and, when charged with during-action control, assemble a staff

made up of representatives of the Planning and Analysis groups.

Several examples may serve to further justify this functional organization. Prior to the execution of a long range flight, the Pilot, Co-pilot, and Navigator assemble to receive data on the nature of the flight or mission. Maps and geographical data are studied, meteorological or weather information is received, the route charted, intermediate stops and/or emergency fields and alternate airports provided for, and finally the flight plan is developed and filed. This constitutes the planning stage. Enroute, the control phase prevails. On the basis of observations, weather reports, determinations of actual positions, functioning of the aircraft as revealed by instruments, and any instructions received from ground control, the flight plan is either followed or modified as necessary. With the pilot in command, control can become immediate with his acceptance of the recommendations of his crew. After the destination has been reached, after-action Analysis of the flight can be made. This can be accomplished from reports of the crew, ground-based instruments used to follow the flight, and recording instruments aboard the aircraft during the flight. Evaluation of these data and the reaching of recommendations for subsequent operations follow. Here the three phases of operational control: Planning, during-action Control, and after-action Analysis are quite clear cut.

CONTROL IS CONTINUOUS

Consider next a military commander in the field. He has been given a mission to accomplish and three days in which to accomplish it. Together with his staff, he plans the operation, basing these plans on accepted doctrine, past experience (both his and that of his staff), personal observations, reports from varied sources, and the means at his disposal. If, when the plan is crystallized and ordered executed, the commander and his staff spend the next three days "out of contact" or "in seclusion", they are not likely to discharge their responsibility and authority for very long. Instead, a continuous and constant three day *control* of the operation is unquestionably mandatory. The progress of the operation must be followed, personal observations made, reports received and evaluated, conclusions reached, and modifications made in the plan of execution if necessary. After the operation has been completed, analysis of the accomplishments and the procedures utilized will serve as the basis for the planning of future operations and their control. Again, the need of and justification for three distinct phases of control are indicated: Planning, during-action Control, and after-action Analysis.

Finally, we may consider a strictly

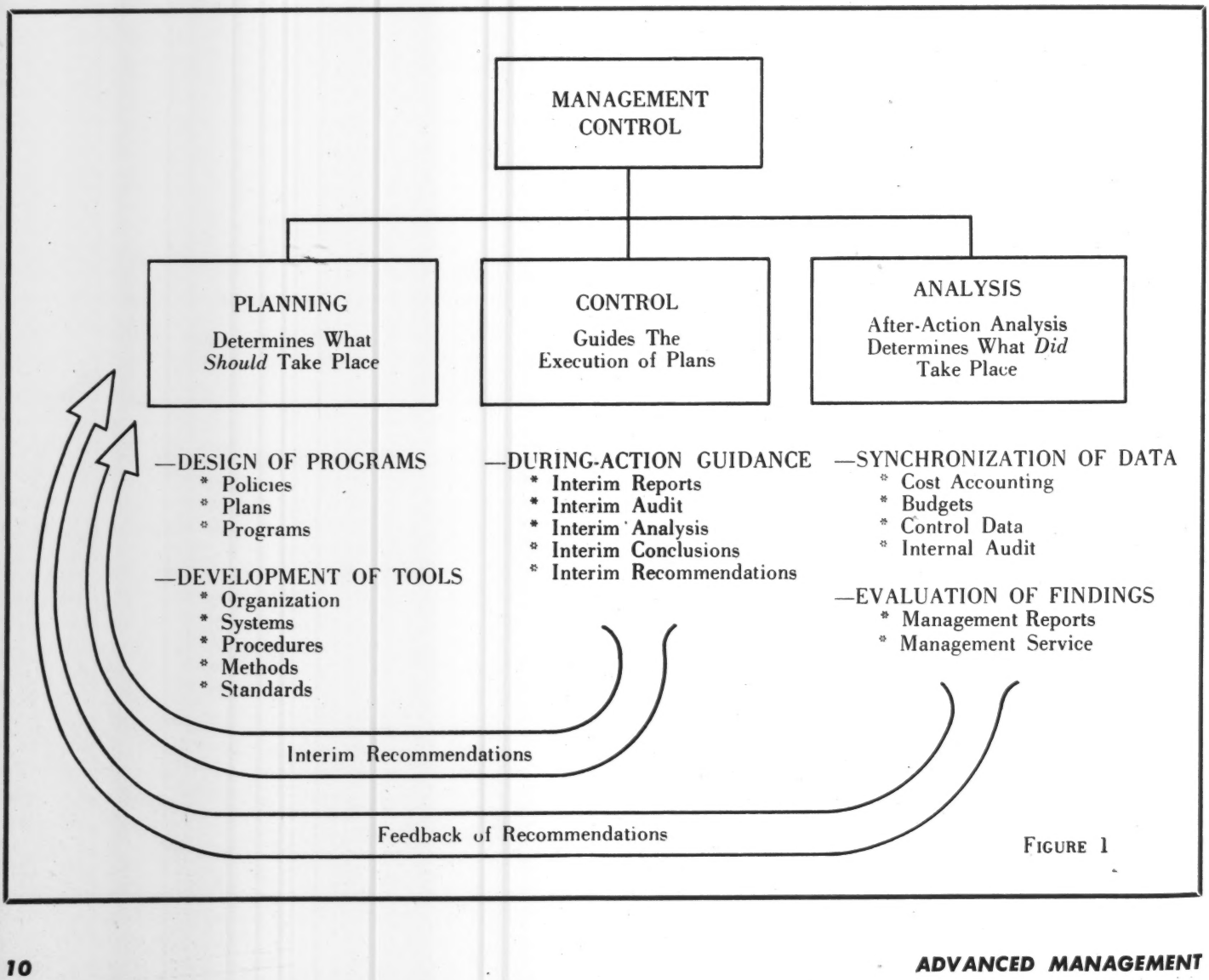


FIGURE 1

industrial operation. As a result of the efforts of the research and development groups of a manufacturer in the chemical process industry, a product has been developed and produced in pilot plant size batches. The marketing group, having taken over, has determined that there exists, or it has developed, a use and demand for the product, and it is known that orders for the product are and will continue to be sufficient to justify full scale production. Top management, having carefully considered and evaluated all available information, has given approval for full scale production. Equipment is readied or, if new units are required, they are designed and fabricated. In the execution of the control functions relating to this new venture, all that has been accomplished up to this point can be regarded as part of the broad planning phase. When the raw materials begin to flow and processing begins, during-action Control gets the spotlight, and the processing is watched by this group, augmented of course by scientific control groups whose mission it is to control chiefly the scientific aspects of the operation. Observations likely to affect the success of the project include: greater time factors, higher pressures, the unplanned necessity for auxiliary equipment, higher temperatures, greater steam consumption, greater power requirements, and more labor. All of these affect the costs involved and, accordingly, the financial success of the venture. They are reports that management must have *during* the operation. Even yield data frequently differ from those predicted, and such data are capable of interim estimation if, in fact, not accurate determination. At the completion of the operation or, if a continuous one, at the end of a logical phase thereof, after-action analysis (and in this case the term is not limited to the purely scientific or technical connotation) is conducted in order to determine what actually did take place. Recommendations follow.

LIMITING AUTHORITY

The same three steps in control can be applied to all elements of actions taken by management, such as the introduction or revision of administrative procedures, methods, organization and re-organization, the conduct of studies in marketing, or the financing or re-financing of the business. All of these actions by management pass through three distinct and well defined phases.

One word of caution is necessary. During-action Control or interim guidance must not be allowed to usurp the authority and prerogatives of line supervision. The line organization is responsible for the execution of the plans, has complete and final responsibility, and, accordingly, the authority commensurate with that responsibility. The entire management control organization, *including* the group for during-action control and guidance, is staff in nature. Like any other staff, their authority is limited to advice and recommendations. They must collect facts and data, interpret them, reach conclusions, and make recommendations. Particularly in the staff for management control, the imposition of a rigid demarcation between the authority of line supervision and the advisory capacity of control is vital.

CONTROL RESULTS TOLD

Today's mobilization efforts recalls to mind the first large scale application of these principles of Management Control used by the author. During World War II, the author was made responsible for the organization and direction of the first Control and Inspection Division at one of the larger (25,000 officers, men, and civilians) technical commands of the army. The division was organized with five branches: the Control, Inspection, Legal, Intelligence, and Public Relations Branches. This division became one of the most powerful management tools of the Commanding General, and the Control Branch received its full share of the glory. This Branch was organized essentially as indicated in Figure 1. With a staff of only eight "experts," and with its many routine and daily responsibilities, it was able to accomplish the following as a few of its achievements:

- Reduction of 20% in operating overhead personnel.
- Reduction from 520 to 70 standard forms.
- Reduction of 75% in telephone and telegraph charges.
- Planning and controlling a smooth and orderly expansion from 12,000 to 25,000 personnel over a period of only three months.
- Determination and utilization of valid personnel "yardsticks" for every standardized function and workload.

It would be difficult to assess the monetary savings which accrued to the taxpayer as a result of this and the other armed forces-wide controls which were established. More important, however, are the future savings of industry and government, in dollars and in manpower, at a time when our very basic economy may be periled.

A COURSE OF ACTION

In summary, it is recommended that government and industry institute effective principles of management control into their operations. Where the size of the operation justifies, it is further recommended that this control organization be organized into and given responsibilities for three phases of control: before-action Planning, during-action Control, and after-action Analysis. To achieve this, organization into three branches with responsibilities as implied by these three functions, and as defined in Figure 1, should be accomplished. Finally, these three branches of the Controller Division should be titled respectively: Planning, Control, and Analysis.

Standings for the Emerson Trophy

CHAPTER PERFORMANCE AWARD

AS OF APRIL 1951

CHAPTER	TOTAL
Washington	2381
Milwaukee	2147
New York	1728
Greensboro	1710
Detroit	1665
Pittsburgh	1653
Philadelphia	1469
Central Penna.	1231

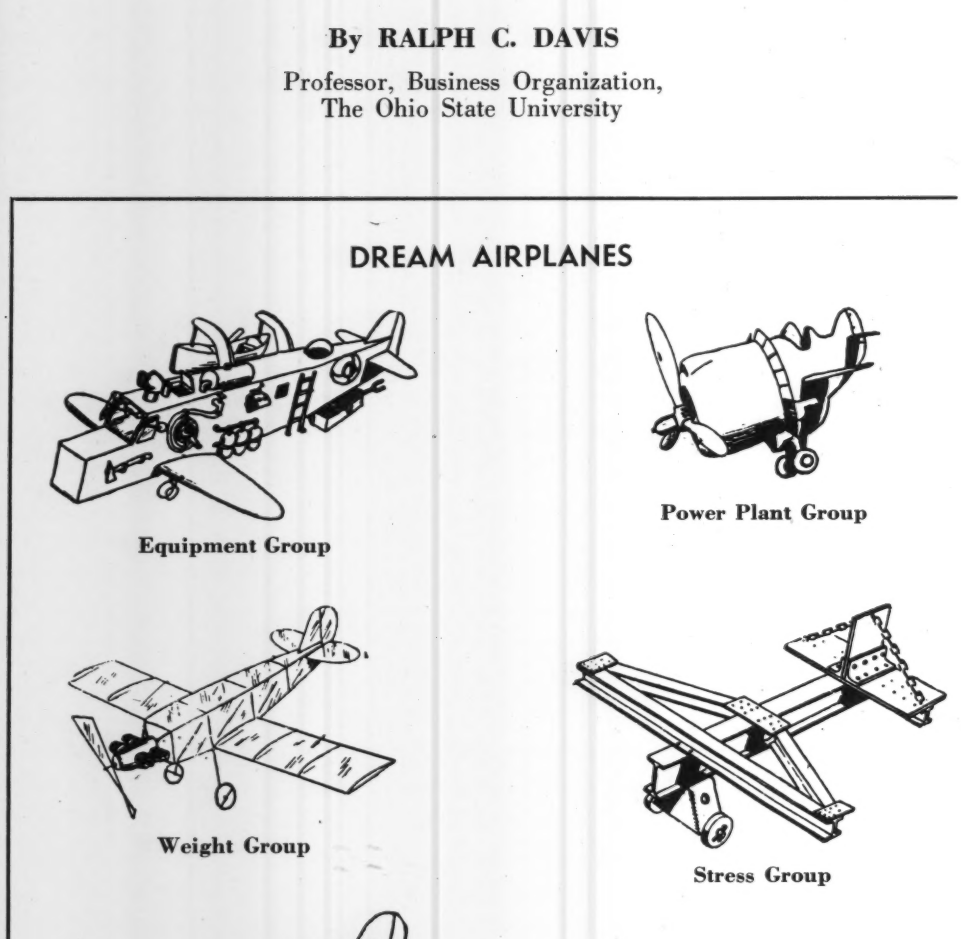
The Specialist

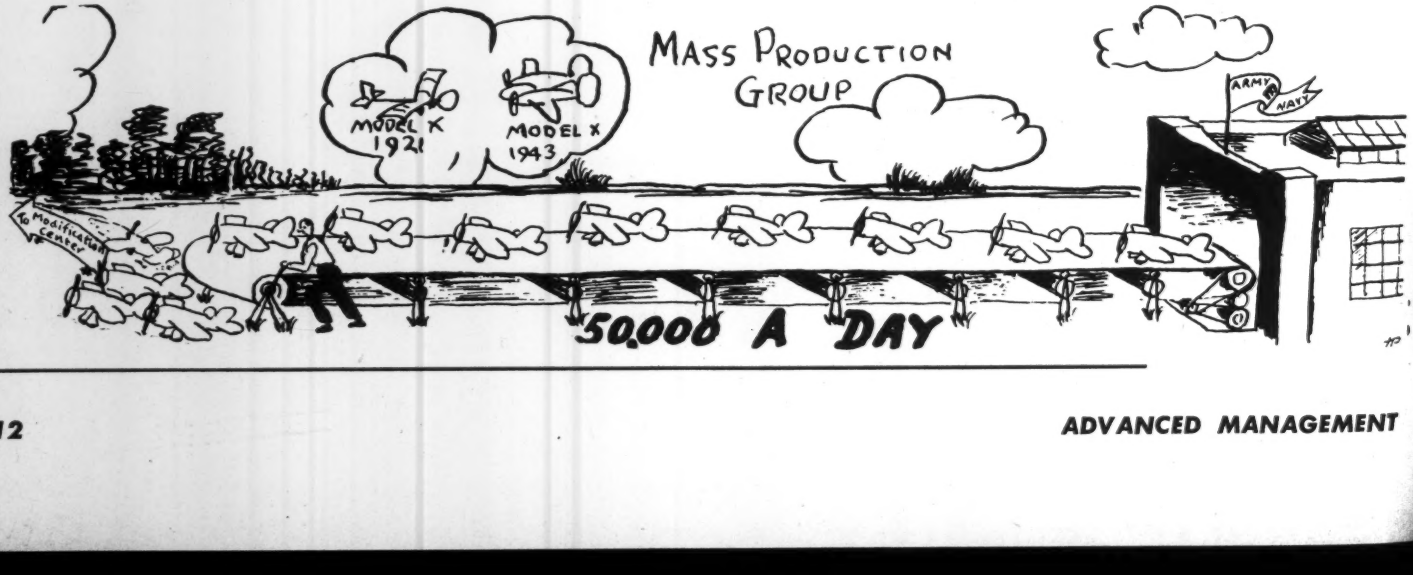
By RALPH C. DAVIS

Professor, Business Organization,
The Ohio State University

THE BUSINESS EXECUTIVE has griped, since the beginning of the industrial revolution probably, about the "Specialist"; the fellow who learns more and more about less and less until frankly he knows everything about nothing. He is the staff executive who over-emphasizes the importance of his specialty. His evaluation of his function would throw the organization out of balance, if it were accepted. He is the staff man who wants to operate, rather than advise. He is the fellow who would like the authority to issue technical or operating orders in his own name, preferably both, so that he can really tell those dumb so-and-so's in the line organization how it should be done. As between the accepted principles of sound line-and-staff relationships and the alleged beauties of a "completely functionalized" relationship, the former would come in a bad second, if the specialist had his way. He finds it difficult to work out an intelligent compromise with his associates in the organization, because of his complete indoctrination with the rules and practices of his profession. He is, in short, the staff executive who gives a distinct feeling of pain to other line and staff personnel because of his narrow, provincial points of view.

This effect of specialization is not peculiar to business organization, however. It can develop in any form of large-scale activity. The attached sketch, entitled "Dream Airplanes", suggests certainly that it is not unknown in military organization. This sketch had some limited circulation around Wright Field, Dayton, during 1943. Its author has been forgotten by this writer. He was probably some officer, unhonored and unsung, who had become fed up with the endless conferences and arguments





between production and engineering personnel. The mental anguish that he suffered from the exaggerated claims of the contending parties is portrayed graphically for posterity, however. It was his considered opinion, evidently, that the Stress Group would have made the frame out of I beams. It might not have been possible to get the plane off the ground, but at least no "hot" pilot could have cracked it up. He suspected the Production Engineering Group of wanting a design consisting chiefly of a two-by-four for the body and a couple of slats for the wing and tail surfaces. There would have been little question about our ability to produce 50,000 planes of that particular design per day. The Power Plant Group must have been a bit impatient with the whole argument. One can take off without wings, given an engine of sufficient power. The Armament Group wanted fire power, of course. The airplane might become a permanent fortification, and a sitting duck, but in any event it would have guns.

It should be noted in defense of these forgotten specialists that a surprising number of their conflicting dreams have come true since the close of World War II. Nor should we laugh at the Air Force. These same exaggerations of functional importance by staff groups can be found in some degree in any business organization of any size; in some lesser degree, that is.

Personnel is an Executive Function

By W. G. CAPLES

President, Inland Steel Container Corp.

Profit records are reflected in the best utilization of manpower. Executives are finding it necessary to give an increasing proportion of their attention to personnel problems.

EXECUTIVE FUNCTION, the coordination of activities of others, has been present in business from the time more than one person engaged in any common enterprise. However, emphasis on the personnel aspects of that function has changed considerably in the last 50 years.

The executive at the beginning of this century was concerned primarily with the building of new businesses and the acquisition of the material things necessary to their success. The executive was concerned with the acquisition of land and raw materials, sinking mines, building ships, plants and factories. The executive was primarily concerned with technology, machines, methods and processes. He was concerned solely with the production of quality goods in quantity at low costs. Men were relatively unimportant. Business as a social institution was unheard of.

It is astounding when we consider the progress made in this country since 1900; the greatness and accuracy of the imagination of the executives in the United States at the turn of the century. They dreamed great dreams, took large gambles and received great rewards. Their ideas were fresh, new concepts free from European ideas. They built an integrated steel industry, where integration was purely an American idea conceived by American executives. It was an idea to be adopted by other industries. Their concept of an industrial machine was brought into being. It is the greatest in the world, great enough to win two world wars.

We cannot discount what these men did.

The executive today in contrast cannot confine his efforts to building and control of cost, quantity and quality. He has the burden of handling the human relations within his business or personnel as it is generally called.

Today, the plan of organization, that is, the duties and responsibilities of each person within an organization who has management responsibility and his function must be determined by the Executive. He must determine those who have line authority, or, as they would say in the Army, those within the chain of command or who have command function. In addition to those who are directly responsible for the operation of the business, the executive must organize the various staff departments of a business.

The operation of any industry of any size has become so complex that there must be available to those in line authority specialists who can advise them and aid them in their work. These people are primarily technicians; they have no line authority or command and can merely suggest and advise those who do have such authority. Examples are engineers, industrial engineers, personnel experts, labor relations experts, research men, business procedure experts, psychologists, safety engineers, Doctors of Medicine, etc.

The executive once having determined a proper scheme of organization is charged with the duty of seeing that those who fill each job within the organization are fitted for it. This does not mean that an executive may rest when those presently working are competent nor can he consider them permanent. Industrial life is never static. There is always natural attrition through death, disease and those leaving who believe

there is greater opportunity elsewhere or whom the management believes have greater opportunity elsewhere. This means that the executive must plan on the growth of those within his own organization and bring new people into the organization for replacement. One of the neatest tricks is to select men today for executive responsibility 20 or 25 years from today.

The executive must determine methods of communication within the organization between those under his supervision and those who supervise him. These fall into two classes: those of formal communication; in other words, the preparation of the reports necessary to keep all fully informed and to enable them to make sound decisions. There is also information communicated through personal contact, reports of committee meetings, etc., which give opportunity to feel the pulse of the organization.

FORMULAS AND JUDGMENT

Cost is always a prime responsibility of any executive, and wages and salaries are usually the largest item of cost in any business. Therefore, it falls on the executive to determine what are proper rates of pay for work performed, that the relation of reward to each is commensurate with the effort and skill of the individual. There are many methods that have been developed which determine methods of wage and salary evaluation and control. However, in the final analysis it becomes a matter of judgment. It is this judgment which must be exercised at all times if costs are to be properly controlled and morale is to be properly kept up.

The executive in addition to controlling costs and to keeping close attention to wages and salaries, must pay strict attention to the control of methods and manpower. Probably no cost leak is more expensive than inefficient use of manpower. Needless to say, the use of men in minimum numbers with minimum motion and fatigue by the individual gives the maximum use of manpower. It is rarely, if ever, that this ultimate is achieved and it is, therefore, necessary to carry on a constant study of methods and processes with a hope of always using without wasting manpower.

All of these personnel duties of an executive are facets of an enterprise. However, the philosophy of a business, its reason for being is probably more important than any of them. It is the executive's jobs to formulate such a philosophy and to make sure that it is sound; that the purpose and objectives are such that the enterprise will live in a competitive world and benefit all connected with it, worker, owner, customer.

AREAS OF COMPETITION

Today, where the machines and processes are available to all, the difference in competition is how well or how badly people handle their manpower. The new area of competition lies in the effective use of people. Between most companies today there are few secrets of machinery or processes that remain secret very long. When a competitor buys a new and better machine, we soon learn of it through trade channels and from the manufacturer's salesman who wants to sell us the new machine, too. We all pay approximately the same for our raw materials as do our competitors because those prices are determined by a free market. But when it comes to costs of manpower we can gain a cost advantage over our competitors if we are smart enough. One way to do it is through proper wage methods which produce incentive. Our machines may roll steel at the same number of feet per minute as those of our competitors, but if we can do a better job of convincing our workmen (through proper incentive) to run and repair the machines so that we have less waiting time for materials and for repairs, we will get greater production out of the same machines than our competitors. Men's attitudes toward their work as well as the money incentives can make tremendous differences in the quantity and quality of the product coming out of their machines. It is a function of the executive today to place his company in the best possible competitive position costwise through providing the best possible climate of "willingness to produce" among the men who operate the machines.

Now creating and maintaining "willingness to produce" by the men in the workforce is a difficult thing. It calls for the highest degree of executive skill in establishing and practicing good personnel policy. It calls for overcoming a hostility toward "bosses" which has been developed over many generations and which has been and is carefully nurtured by some union leaders. It is probably the most difficult job any executive faces today — and one which has great profit rewards for the successful executive. Fortunately, the creation of "willingness to produce" among the men in the workforce aids them, too, by providing higher pay and higher ability of the Company to pay — and by providing greater job security through greater competitive strength.

But creating a "willingness to produce" in the workforce isn't all the executive can do to strengthen his company and improve his profit record. Tremendous amounts of money are siphoned out of profits by the costs of items such as "turnover." Many figures have been quoted, but taking a very conservative position, we believe that it costs in the neighborhood of $125 to turn over a common laborer. Most of that cost arises because the new man doesn't know "where things are" and you have to pay the wages of the man who takes time out from other work to go along with him until he learns his way around. Well, when you stop to think of the thousands of men who don't stick on the job for long, it adds up to a terrific price to pay to provide men with information and training which neither they nor you can get any value out of when they leave you in 60 to 90 days, or less.

CUTTING TURNOVER COSTS

Certainly control of such costs as turnover is an executive function — and one which can pay off handsomely in profits. Reducing turnover costs is relatively simple. You reduce "training and indoctrination" costs by more efficient procedures. And you reduce your turnover rate by better selection methods. A considerable portion of the "floaters" and men who are unlikely to stay 90 days can be identified and eliminated before they are hired. It is certainly an executive function to save such costs if possible.

What has been said can be summarized thus: Anything which reduces costs, increases profits and strengthens a Company's competitive position is a function of the executive of the business. Personnel policy set and personnel practices adopted by executives at all levels within an organization can have a significant effect (either good or bad) on the competitive health and profitability of the enterprise — possibly its survival.

Good Government Is Good Management

By CLARENCE E. RIDLEY
Executive Director, The International City Managers' Association, Chicago
and JOHN C. BOLLENS
Department of Political Science, University of California, Los Angeles

Progressive municipal management applies the same principles used by industry and the military to obtain efficient administration.

AN ORGANIZATIONAL form in itself is not important. Its significance can be judged only when related to its theoretical basis and its administrative accomplishments. Recently the 1,000th community in the United States adopted the council-manager form of government. If considered apart from the fundamental theory of this administrative plan and the effects it has had upon ways of performing public business, the fact could justly be looked upon as simply one of momentary interest. Probably the only importance that would be attached to the statement would be that it was somewhat unusual for a governmental form which was untried even during the early years of the present century to experience such a rapid growth.

INTEGRATED AUTHORITY AND RESPONSIBILITY

At the heart of this form lies the idea of appointing a single, full-time professional officer to direct the activities of a city or county. Here is a far-reaching attempt to resolve the apparent conflict between democracy and efficiency. Democracy is preserved in the popular election of a small council on a short ballot which makes it possible for the citizen to understand and control his government. Efficiency is achieved by the selection of a manager professionally trained for the technical job of administration. The danger of bureaucracy becoming irresponsible and unresponsive to the desires of the community is eliminated by giving the elected council complete control over the tenure of the manager.

This concept of integrating authority and responsibility is indicative of a new attitude toward local public affairs. It is furthermore a distinct recognition of the demand for trained executive ability so necessary to planning and directing the intricate program of modern local public administration. Authority is no longer dispersed among many elected officials and independent boards nor is it difficult to fix responsibility on the proper person.

PROFESSIONAL STANDARDS AND TRAINING

The real key to the success of this administrative form is found in the opportunity which it presents to focus sufficient attention on the administrative process and the problem of management. The growing professionalization of the chief administrator and his staff aides in council-manager operations as well as similar developments among a number of department heads in non-manager localities has brought on many changes in different aspects of administrative procedure. It is here in terms of procedural attainments and potentialities that important developments can be seen. (Figure A, page 16).

Professional standards and training interact on one another. The standards have been appreciably fostered by about twenty-five national associations of local public officials. Each organization has definite and uniform pre-service training for practicing members, specific qualifications for admission to full membership, an expectation of a lifetime career, a common body of knowledge to which members contribute, and a program of defining and advancing the interests, ethics, and knowledge of the group. These exacting criteria are self imposed and indicate the vitality of a profession.

Training, too, has similarly been greatly aided by the activities of these national organizations, frequently in conjunction with other agencies and educational institutions. Some recommend pre-service educational programs on request of persons not yet in public service. Many conduct short in-service courses of varying lengths. The International City Managers' Association through its Institute for Training in Municipal Administration, for example, offers eight on-the-job training courses for local administrative personnel or those in subordinate jobs who aspire to higher posts. Officials and employees in more than six hundred cities have enrolled in one or more of these courses, each of which usually takes about a year to complete.

Professional standards and training have facilitated the maturing of many types of administrative practices. The list is long and the enumeration of several administrative attainments and more detailed consideration of several others seem sufficient. The listing includes budgetary control systems, centralized purchasing, internal auditing, personnel procedures, methods of direction, service programming, and planning controls.

ADMINISTRATIVE MEASUREMENT

Administrative measurement is one procedure which deserves separate consideration. It is concerned with seeking objectively to appraise the results of a program of action or to compare the results of alternative programs. The development and application of measurement methods are extremely important, for they constitute realizations that increased efficiency is quite as important as increased financial support for indi-

vidual activities, and that efficiency can not be measured by dollars and cents alone. The aims and objectives of each activity need to be recognized clearly and defined. Administrators are coming to think not only about performance but about accomplishments.[1]

The theory of measurement can be quickly summarized. Units of measurement are of at least four distinct kinds—measurements of costs, efforts, performance, and results—each with a meaning quite different from that of the others. Before the results of an administrative activity can be measured, its objectives must be defined in measurable terms. Measurements may be used to determine the adequacy and the efficiency of the administrative service.

Efficiency, on the other hand, is concerned with the judicious expenditure of whatever funds have been made available for a service. A fire department is efficient when it keeps fire losses as low as its budget permits. Whether the legislative body is stingy or generous, there is no excuse for a department to be administered in any but the most efficient manner possible.

The range of problems to which measurement analysis can be profitably applied is limited only by the ingenuity of the administrator and the adequacy of the records maintained by his organization. The kinds of problems to which measurement techniques may be applied include administrative planning, budgeting, and work programming; determining efficiency of personnel; distributing personnel and equipment; measuring efficiency of equipment; determining relative effectiveness and efficiency of alternative procedures, methods and commodities.

The use of administrative measurement standards has yielded valuable results in a number of specific fields, including fire, police, public works, public health, recreation, welfare, public education, public libraries, personnel, finance, and planning. The progress which has been made in measuring such intangibles as library and welfare services makes even more hopeful the prospects of measurement research in other local public functions.

[1]See *Measuring Municipal Activities* (2nd edition, 1943) and *Check-List on How Cities Can Cut Costs* (1949), both published by the International City Managers' Association, Chicago.

Chart A

CHART D. COUNCIL-MANAGER FORM

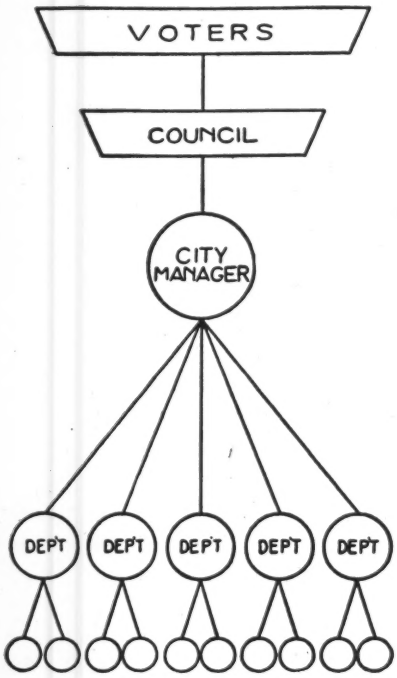


Figure A—The administrative set-up in the Council-Manager form.

More and more chief administrators are repeatedly analyzing service and cost standards in their own communities during each fiscal year. The establishment of local standards is dependent upon the creation and maintenance of a records and reporting system to compile costs, work accomplished, man hours required and other items. The development of a records system for any local function involves determination of the information desired, definition of units, construction of summary report forms, construction of forms which will yield the data required in the summary forms, specifications of the records procedure, installation and adaptation of records in demonstration cities, and observations of the uses to which records are put and their benefits. Using such data administrative officials can compare the current performance with the work program for the year, and with work accomplished in previous periods. Wise use is also being made of national standards refined to fit local conditions.

Greater control of forms and records is another administrative trend of major importance. Since the successful and economical operation of a public or private operation depends upon the efficiency of administrative procedures and their related systems, it is essential that administrative personnel take an active interest in the simplification of office procedures, especially those related to forms and records.

FORM CONTROL IS NEEDED

Over a period of years most local public departments build up numerous forms and records that require a large amount of staff time to use. The cost of the complete record is many times greater than the cost of preparing, handling, distributing and filing, in addition to the cost of blank forms. Analyses undertaken in individual localities have demonstrated that many forms can be discarded, and those that are retained can be redesigned so that they will be easier to prepare, file and use, with a considerable saving in staff time.

A forms control program generally is initiated by and has the active and continuing support of management. After laying the groundwork for the program, the chief administrator issues an administrative regulation which (1) presents objectives of the program, (2) designates a forms control supervisor to assume responsibility for the program and serve as the central point of control, (3) specifies the authority and responsibility of the designated person, (4) indicates the responsibilities of department heads and the different types of forms to be used in the program, (5) determines which forms must have legal review and the types which should be discussed with the finance officers and persons handling independent post-audit work, (6) outlines in detail the procedure to be followed in reordering present forms and establishing new ones, and (7) directs all departments and activities to furnish the forms control supervisor two copies of each form in use including form letters, labels, checks, routing slips, tabulating cards as well as all stock forms, reports, and records.

A thorough review of all of the forms involves a three part analysis to determine whether the contents of each form are needed by management or are required by law or good financial standards, whether the design of the form facilitates the use of the best methods to compile it, and whether the working methods represented by the content

of the forms are the most efficient procedures.

A study is made of the flow of each form from desk to desk to determine the work that is performed at each desk. In addition, each form is analyzed for the writing method it requires, the end use of each form, the quantity used, the number of copies filled out at one time, and the number and complexity of the entries. The content of each form is simplified to eliminate meaningless words and useless technical jargon.

SIMPLIFYING THE FORMS

As the appraisal of current forms proceeds, the chief administrator keeps informed on desirable changes in organization and procedures that will result from the adoption of new forms or the revision or abandonment of old forms. The process of ordering forms is simplified by providing the operating departments with a specially designed requisition. The requisition form is made simple and easy for the operating departments to prepare. The establishment of central forms files, a numbering system, and a central point of control correct some of the more obvious cases of poor design. The major accomplishment, however, is to bring the entire problem into proper perspective so that it may be handled properly. Major attention is given to systems and procedures, for considerable savings in clerical costs are frequently possible in this area.

PUBLIC RELATIONS

Public relations programming is another aspect of the public managerial function which is receiving greater attention. The term "public relations" is a much used term in both public and private operations, but there is also much misunderstanding and confusion about it. Part of the difficulty surrounding the term springs from its use in describing both cause and effect. That is, it is applied both to the relationship between the government and the public and to the factors affecting the relationship. For purposes of clarity, therefore, public relations programs or public relations activities will refer to policies and activities which are designed to improve the relationship.

Public relations embraces a two-way relationship, and the program which seeks to improve the relationship must concern itself with the attitudes and actions of both parties. No public relations program can be entirely successful if it secures favorable public attitudes toward the government without promoting among public officials an attitude of respect and good will toward the public. Such an official attitude is necessary both as a means and an end. It is a means in that it is itself a strong appeal for public confidence and approval. A government that shows no respect or friendliness toward the public is seldom rewarded with public support. As an end, a favorable official attitude toward the public is essential in any democratic form of government, for a government that is contemptuous of and unresponsive toward the public is by its nature undemocratic.

Since public relations may be defined as the total of all the relationships between the government and members of the public and since the major objective of a public relations program is to improve those relationships, the program must be broad enough to encompass all of the factors affecting the relationship. Three factors stand out most prominently. One is the policies of the government as expressed in ordinances, resolutions, regulations, and orders. The second is the effect of administrative competence and efficiency. The third is public knowledge and understanding of the governmental policy and competence.

In addition, there are a number of factors which individually seem minor but which have a significant aggregate effect on public relations. Such matters as courtesy, appearance and convenience are influential in any human relationship, and a public relations program must be broad enough to embrace them. Personal contacts between citizens and public employees are important in public relations. This applies equally to face-to-face contacts and to indirect contacts through the media of correspondence and the telephone. The physical appearance of public personnel, buildings, property, and equipment are also consequential. And finally, procedures directly involving the citizen, such as the place, time, and manner of tax collection, affect public relations.

From the viewpoint of executive officials, major stress is placed upon the formulation of a public relations program. Several steps are involved in establishing a comprehensive plan. The present relationship between the government and the public must be appraised.

Chart B

CITY PLANNING DEPARTMENT 17
REPORT TO THE CHIEF ADMINISTRATOR

City of_____ For Month of_____ 19____

	This Month	Last Month	This Year To Date	Last Year To Date
1. GENERAL				
No. meetings of planning commission				
No. meetings of zoning board of appeals				
No. public hearings				
No. maps prepared				
No. inquiries handled				
No. field inspections				
2. SUBDIVISION PLATS: (No.)				
Tentative approval				
Final approval				
Returned for revision				
3. STREET AND ALLEY VACATIONS: (No.)				
Applications received				
Applications granted				
Applications refused				
4. ZONING:				
Amendments to Zoning Law:				
Passed by council				

Figure B — A forms control program is an important part of effective and economical management.

This can be ascertained only through identifying the several major groups which constitute the public and determining the attitudes of each of these groups toward the government or any of its parts and discovering insofar as possible why such attitudes exist. The present administrative policies, contacts, procedures and attitudes must be surveyed and criticized in an attempt to explain existing public attitudes. This survey, combined with the appraisal described in the first step, largely determine the content and immediate objectives of the public relations program.

BUILDING GOODWILL

The most important step in the process consists of revising, adjusting, and improving administrative policies, procedures, and attitudes in an attempt to remove causes of friction between officials and citizens and to build goodwill for the local government. Then, in order to acquaint the citizens with the improvements made during the adjusting and improving stage, to correct popular misconceptions, and to stimulate popular interest in local government, publicity is prepared and released. Following this step, a reappraisal of public attitudes is made to test the effectiveness of public relations activities. The final and continuing step involves constant revision and improvement of the program to keep up with new situations.

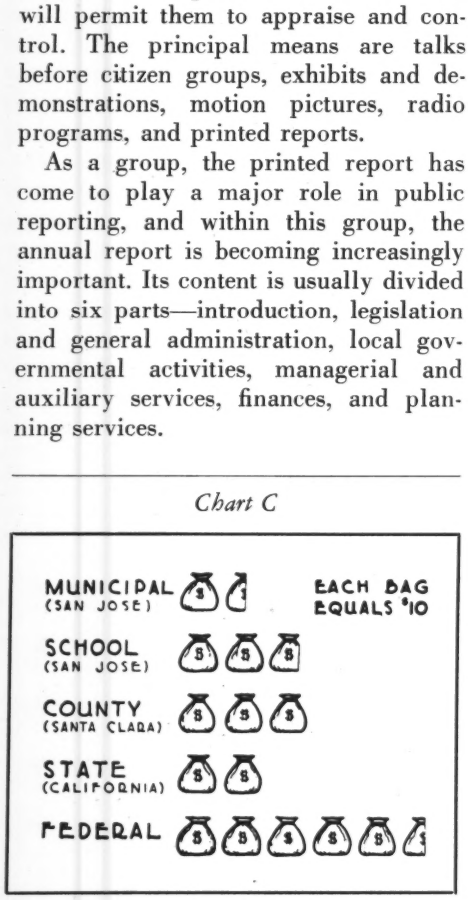
A complete local governmental public relations program has many elements, none of which can be long ignored without serious results. The public and its attitudes must be carefully analyzed and appraised in order to determine what citizens want their government to do and how they want it done. Courtesy and respect must be shown to every citizen who has a complaint to make about his government and systematic action must be taken to satisfy complaints and to prevent their recurrence. All procedures involving contacts between citizens and officials must be simplified and made as convenient as possible for the citizen.

Citizens must be encouraged to take an active part in local governmental affairs and city employees must assume their responsibilities as citizens as well as public employees. Careful attention must be given to improving the appearance and cleanliness of public buildings, properties, and equipment. The local government must use the best recruiting devices to secure high caliber personnel and it must use the most modern administrative techniques to keep the personnel competent, alert, and satisfied. Public officials must be frank and cooperative in their relations with the press and there must be no censorship of information of value or interest to the public.

A final element of a public relations program consists of a variety of media through which public officials can stimulate the interest of citizens in their government and through which information can be provided to citizens that will permit them to appraise and control. The principal means are talks before citizen groups, exhibits and demonstrations, motion pictures, radio programs, and printed reports.

As a group, the printed report has come to play a major role in public reporting, and within this group, the annual report is becoming increasingly important. Its content is usually divided into six parts—introduction, legislation and general administration, local governmental activities, managerial and auxiliary services, finances, and planning services.

Chart C



Per Capita Expenditures of all governmental units affecting San Joseans

The task of preparing the annual report for publication should be assigned to a single employee and should not be entrusted to any official who happens to be available at the moment for extra work. Though much of the raw material for the annual report automatically comes from the reports of department heads, the revising and editing of this material, and the compilation of other data, should rest upon an individual in the administrative organization who is specifically selected for the purpose. Training and experience in public relations and public reporting and some familiarity with publication practices are desirable.

PREPARATION PRACTICES FOR ANNUAL REPORTS

Preparation of the annual report for publication must be a year round process if it is to appear within a short time after the conclusion of the period covered. An alert report editor is able to deliver his material to the printer within four to six weeks after the end of the period. He has three important tasks to complete during the year: study and improve departmental records, gather information on special projects and achievements, and interview department heads near the close of the year. The remaining editorial work must be completed as soon as possible after the end of the reporting period. This involves obtaining copy of annual departmental reports, reorganizing departmental reports on a functional basis, checking facts with department heads, and submitting the final draft to the chief executive.

A large part of the preparatory work which the report editor must do is not concerned with the manuscript. Illustrative material must be obtained and decisions made regarding the printing. During the year, for example, he must obtain photographs for use in the report, sketch ideas for charts and graphs, decide on the printing method to be used, and determine the cover design and format details. Then, after the manuscript is completed he must decide on the layout and obtain bids for publication work.

The various forms of publicity and reporting are not ends in themselves but means to an end. The objectives of the public relations program are of greater importance than the form. If public reporting by local governments is to achieve its greatest possible effectiveness, it must stem from, and be directly related to, a comprehensive and carefully formulated public relations program, which in turn must be related to the entire service program of the local government.

SOCIETY NEWS

NEW CHAPTER AT ALLENTOWN TO SERVE LEHIGH VALLEY

SAM's newest chapter received its charter on May 8th. John F. Slack, president of the Philadelphia chapter, presented the charter at a special "Charter Night" meeting. Herbert H. Carey, Chairman of Directors of the Philadelphia chapter and management consultant, was the speaker.

Officers of the new chapter, which has 26 members as of its organization date, are:

President W. C. Zinck, plant manager of Arbogast & Bastian, Inc., Allentown.

Vice President and Chairman of the Program Committee, J. R. Altemose, personnel director of Line Material Co., East Stroudsburg, Pa.

Vice President and Chairman of the Membership Committee, R. E. Heiland, production engineer, Lehigh Structural Steel Co., Allentown.

Secretary, G. E. Kane, instructor in Industrial Engineering at Lehigh University, Bethlehem, Pa.

Treasurer, O. W. Krause, national product and cost analyst, Dixie Cup Co., Easton, Pa.

National Director, W. C. Zinck, plant manager of Arbogast & Bastian, Inc., Allentown, Pa.

Chapter Directors, G. L. Smrz, general manager of Line Material Co., East Stroudsburg, Pa., T. F. Hartmann, superintendent of Laros Textile Co., Bethlehem, Pa., and Robert Stevens, director of the Industrial Management Institute, Reading, Pa.

THE MILWAUKEE CHAPTER had as their guest speaker on May 10th, a specialist in employer-employee relations for nearly 30 years, Nathan N. Shefferman of Labor Relations Associates of Chicago.

THE SAN FRANCISCO CHAPTER had as its guest speaker for the May meeting, Admiral Raymond A. Spruance, who spoke on "Organization Planning for the Central Pacific Campaign."

THE BOSTON CHAPTER presented a full-day seminar April 18th on "Profit Control" directed by Fred V. Gardner, of Fred V. Gardner and Associates.

THE DEPARTMENT OF INDUSTRIAL ENGINEERING of Columbia University announces the Second Annual Conference on Industrial Research to be held June 11-15, 1951 at Columbia University, New York City. The main topic of the conference will be Personnel and Communications in Industrial Research.

ALEXANDER BAGAY of the Twin Cities chapter was recently appointed Assistant to the President of the Wooldridge Manufacturing Company of Sunnyvale, Calif., manufacturers of earthmoving machinery.

THE FIFTH SUMMER SESSION of the National Training Laboratory in Group Development will be held at Bethel, Maine from June 17th to July 6th, 1951 and July 15th to August 3rd, 1951. The laboratory staff of the session is drawn from the co-sponsors, the National Education Association of the United States and the Research Center for Group Dynamics of the University of Michigan. A number of other universities and institutions will also provide staff members.

THE DETROIT CHAPTER is holding its Third Annual Management Clinic, "Records of Accomplishment" on June 7-8, 1951 at Rackham Educational Memorial in Detroit. There will be twenty-four speakers on the program. The topics covered will include sessions on Management, Organization, Industrial Engineering, and Human Relations. The SAM films on "Rating of Time Studies" will be shown. Inquiries and registrations should be mailed to SAM, Rackham Bldg., 100 Farnsworth, Detroit 2, Michigan.

GEORGE CAMPBELL, chairman and organizer of the Round Table on Harvard Case Studies at the Wilmington Chapter reports visits to several chapters where he has explained Wilmington's Round Table program.

Chapters visited were Chicago, Richmond, Bridgeport and Newark. Other chapters on the itinerary are Pittsburgh, Baltimore and Cleveland. Cleveland has been using the case studies for round tables during the past year.

ANOTHER PENNSYLVANIA CHAPTER BEING FORMED

"Charter Night" is being observed June 4th by the new group drawing its membership from the Scranton, Wilkes-Barre, Hazleton area and to be known as the Wilkes-Barre Chapter. With completion of the charter presentation ceremonies, in which Executive Director C. A. Slocum is scheduled to participate, this will be the second new Pennsylvania chapter to be accepted into SAM affiliation within the past month (See column 1, this page).

Russell F. Hurst of the Bigelow-Sanford Carpet Co., New York, is making the address of the evening.

The new Wilkes-Barre chapter has a membership of 28. Its constitution and by-laws are in preparation and are expected to be acted upon by the membership shortly. C. R. Wolever is chairman of the Organizing Committee, and Carroll Stein is its secretary.

The following slate of officers has been nominated:

President, J. H. Carr; Executive Vice President, Robert T. Grohman; Vice President, Stephen V. Makuta; Secretary, Carroll Stein; Treasurer, Robert C. Urquhart; National Representative, George W. Wilson.

Nominees for the Board of Directors are Fred K. Lapish, C. R. Wolever, Henry H. Klerx, Herbert Morris and J. Gordon Cullen.

Walter Rautenstrauch and His Continuing Influence

By RAYMOND VILLERS
Columbia University

A pioneer at making executives of engineers, his contributions to the evolution of modern management philosophy grow in significance.

WALTER RAUTENSTRAUCH died on January 3, 1951. He spent his lifetime studying, and teaching what he had studied; then also learning from his teaching as every true scholar does. His "field of research" could be best defined by this remark he often made — "We teach men, not subjects." The mere listing of his books, articles, reports and communications, various writings, etc., is almost a little pamphlet. This does not include the notes he used for teaching his classes at Columbia University, for the very good reason that year after year, for more than forty years, he carefully destroyed them as soon as the term was over to be sure he would not, as he himself liked to put it, "be tempted to use them again."

This illustrates his deep feeling that in the kind of pioneering world in which he was engaged, there is something more important even than the discovery of solutions to immediate problems.

To clean the forest, remove the stones, till the soil, is pioneering indeed and one who spent a lifetime of hard work doing it, is justly proud of such an accomplishment. At the same time there have been in each generation of every country a few men, either more favored by circumstances or driven forward by the compulsive force of their own genius, who do not content themselves with clearing their own land; they open new horizons, they show a new road of access, a new method, a new approach which they liberally present to the thousands or the millions who are interested to listen. That the new horizons be in the Far West or in nuclear physics or in the field of social or industrial improvements is immaterial. It always means the pushing forward of human knowledge, development and welfare, and in final analysis such is the deep motive behind the drive of those pioneers who devote their lifetime to open new roads for their successors. Walter Rautenstrauch was one of them. Which roads did he open for us?

Dr. Raymond Villers, close associate and friend of the late Walter Rautenstrauch, was his partner in the consulting firm Rautenstrauch and Villers, is co-author with him of the "Economics of Industrial Management" and of "Budgetary Control" and an Assistant Professor of Industrial Engineering at Columbia University.

EARLY CONTACTS

Some 35 years ago, he was teaching Mechanical Engineering at Columbia University. His consulting practice brought him in frequent and intimate contact with industry at the higher levels of management. He was also in personal contact with the promoters of scientific management, the Taylors, Gilbreths and their associates. (In fact he was to participate actively in the creation and the development of the Taylor Society, since known as S.A.M.)

He soon realized that, while specialization in industry was unavoidable and even desirable if mass production was to be developed and standards of living raised, the specialization of engineers or more generally speaking the specialization of executives in industry, may create within the organization a new tower of Babel.

The engineer's problems and language are not understood by the salesman, who in turn is not understood by the plant manager, etc.

Walter Rautenstrauch came to the conclusion that it would be advisable, indeed necessary, to create a new kind of specialist precisely to remedy the possible evils of increasing specialization.

This new specialist could be characterized by his *special knowledge* and his *special skill* as will now be described.

A special knowledge:—the knowledge of the general problems faced by all the other members of the organization, knowing enough accounting to understand the language, the difficulties and the requests of the bookkeeper; knowing enough about tools to understand the complaint of the lathe operator; enough about finance and cost to consult with the banker in terms the other will understand; enough about markets and mechanical drawing to be able to translate in engineering terms the request of the sales department.

A special skill too:—the skill of coordinating the activity of this ceaselessly growing number of specialists within the organization; the time and motion study man, the statistician, the personnel manager, the sales analyst, etc.

EARLY CONCEPT OF INDUSTRIAL ENGINEERING

This new specialist of a very peculiar type indeed, would be, in Walter Rautenstrauch's conception, an *industrial engineer* in the very broad sense of the word.

The idea appealed to Nicholas Murray Butler, then President of Columbia University, who created what is said to have been the first department of Industrial

Engineering and made Walter Rautenstrauch its executive officer.

The next step was to develop the new teaching of industrial engineering and management along scientific lines. This brings us to the Economics of Industrial Management, one of the important aspects of this teaching.

The problem to resolve was the one faced by most managements and once expressed in the following terms by the controller of a well-known large corporation:

"You see," said he once to the writer "here is all the information the directors need to-morrow at their monthly meeting, to reach a rational decision based on facts."

He was showing a book of data, figures, tables, statements and reports reaching the size of the Manhattan Telephone Directory, and he concluded by saying: ". . . but they won't have the time to read it and, besides, even if they had, they would not understand it."

The growing complexity of management, the increasing size of enterprises makes it often impossible to get a whole picture of financial management if the traditional tools of analysis and control are the only ones in use.

Providing for a *visualization* of the whole business by the use of new economic tools is one of the main purposes of Rautenstrauch's research work. His break-even chart is one of the best known among such tools.

In using these tools of analysis and control two equally dangerous pitfalls should be avoided:—

1) On one side they should never be considered as mere devices of approximation. They are scientific methods of measurement.
2) On the other side, the crudeness of the actual procedures of collecting data in business, the rapidly changing character of the "universe" to which they are related, are facts of life. They are not to be ignored and they preclude excessive refinements in the handling of the data themselves.

It is important to emphasize this because many people who have not given the subject much thought have the idea that the scientific treatment of a matter must result in a specific single quantitative answer which is sometimes referred to as an exact solution of the problem. This is far from the case. Even physicists and astronomers skillfully using the most carefully designed instruments find that their results must be expressed in terms of a probable error of observation.

If the data are meager and all the related circumstances are not accounted for, then the probable error of estimate is relatively large — still the results are scientifically attained. As more information about a given situation becomes available and its relationship to the previously known information is properly evaluated, then the probable error of estimate is lessened.

Such were some of his ideas on the subject of industrial management. We would not completely reflect his thinking without adding that he was above all convinced that scientific thought can never be *static*. He would be the first one to say that, to be true to him, our task is now to continue his work and go forward from where he left.

The research work to be done in the field by his associates will not anymore be formally endorsed by him—maybe; but it still will be directly inspired by Walter Rautenstrauch, because such men as he was truly survive themselves in the work accomplished by those whom they taught.

MANAGEMENT BOOKS *Recently Received*

Film Guide on Production and Management Methods, prepared by Film Research Associates, 135 West 52nd St., New York 19, New York, $1.50

The Businessman's Book of Quotations, by RALPH L. WOODS, published by McGraw-Hill Book Co., Inc., 330 W. 42nd St., New York, New York. 303 pages, $4.00

The Development of American Industries—Third Edition, by JOHN GEORGE CLOVER AND WILLIAM B. CORNELL, published by Prentice-Hall, Inc., 70 Fifth Ave., New York, N. Y. 1121 pages, $8.00

Counseling in Personnel Work, compiled by PAUL S. BURNHAM AND STUART H. PALMER, published by the Public Administration Service, 1313 E. 60th St., Chicago 37, Ill. 39 pages, $1.00

Manpower Planning for the Emergency—Survey No. 1 of BNA's Personnel Policies Forum, Bureau of National Affairs, Inc., 1231 24th St., N. W. Washington 7, D. C.

Job Engineering: Modification of Jobs for Better Utilization of Manpower, Department of the Army, Washington 25, D. C.

Managerial Economics, by JOEL DEAN, published by Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N. Y. 621 pages, $3.50

Pattern for Industrial Peace, by WILLIAM F. WHYTE, published by Harper & Bros., 49 E. 33rd St., New York 16, N. Y. 245 pages, $3.50

Collective Bargaining, by NEIL W. CHAMBERLAIN, Associate Professor of Economics and Assistant Director, Labor and Management Center, Yale University, published by McGraw-Hill Book Co., 330 W. 42nd St., New York 18, New York. 534 pages, $6.00

The Workshop Way of Learning, by EARL C. KELLEY, published by Harper & Bros., 40 E. 33rd St., New York, N. Y. 168 pages, $2.75

The House of Labor, edited by J. B. S. HARDMAN AND MAURICE F. NEUFELD, published by Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N. Y. 555 pages, $7.65

Corporate Meetings, Minutes & Resolutions—3rd Edition, edited by DORIS AND FRIEDMAN, published by Prentice-Hall, Inc., 70 Fifth Ave., New York 11, N. Y. 114 pages, $12.50

Roads to Agreement, by STUART CHASE, published by Harper & Bros., 49 E. 33rd St., New York, New York. 250 pages, $3.50

Production Control, by FRANKLIN G. MOORE, published by McGraw-Hill Book Co., 330 W. 42nd St., New York 18, N. Y. 455 pages, $5.50

The Management Bookshelf

Military Management for National Defense, by JOHN ROBERT BEISHLINE, Prentice-Hall, New York.

"MILITARY MANAGEMENT for National Defense" represents a welcome addition to the library of every practitioner and of every student of management. It is destined to take its place on military book shelves as well as on the business executive's desk. This is amply justified because it presents those segments of management which are universal to every type of activity — industry, commerce, services, construction, government, agriculture, and others alike — and also to every kind of function — manufacturing, marketing, finance, engineering, procurement, etc.

While management in military pursuits has a much older history than in business, it developed in both fields independently and each has borrowed from the other. This is good, yet the results will be even better once we recognize that there remain by far greater opportunities for future lend-lease and reverse lend-lease between these two fields of endeavor — and others as well — than either has attempted so far. Colonel Beishline's book paves the road for such cross fertilization.

The application of basic management principles and techniques to military activities presents to the business world a number of familiar characters on the management stage but in a different costume. While at first sight these figures appear strange, the roles they play on the military scene are pretty much the same as in an industrial or commercial setting.

Some are more articulate, such as the heavier emphasis of the Armed Forces on "Objectives" as the very basis for all planning. Others are identical in just about every respect, for instance "Policies" and "Procedures." A third group seems to hide their identities for a while perhaps because their names are strange although their purposes are not; "Mission" is a case in point as the term that is frequently encountered in Army, Navy, and Air Force activities as a summary name which combines "Objective," "Operating Plans," "Procedures," and "Time Schedules" for a specific portion of a larger task. There is finally a fourth type of players with roles which differ also in contents from civilian practice.

In the chapters on "Leadership" and "Morale," the civilian manager will find a highly interesting story of a number of the factors through which the military have chalked up a record of enviable accomplishments, under a quite different set of circumstances, of course. Rich rewards are certain from a thoughtful study of the underlying reasons for such results and of the prerequisites which must be met in these fields of human relations.

The author himself regrets that the portions of the book dealing with "Control" are not larger. True, this portion of management is as yet least explored and even less developed in business practice. The Armed Forces have made splendid headway in concepts of Control within the past decade. That private enterprise is recognizing this trend is evidenced by the steep rate at which interest in this field has increased recently and by the ever wider adoption of progressive control philosophy and techniques.

Throughout the book, there is apparent the author's sincere desire to see applied in the Defense Department the very best ideas of forward-looking thinkers and successful doers in management. This desirable trait gains strength from a skilful blending of long range hopes with present actuality. For instance, obviously well acquainted with Barnard's splendid discussions on "Authority," — indeed a difficult concept in military atmosphere — Colonel Beishline offers a masterful reconciliation by defining authority as "certain rights of decision and command without which responsibility can not be properly discharged."

Terminology always creates obstacles, especially in a youthful field; different people's different interpretations of the same idea often hamper progress by creating artificial pits. The Beishline book bridges a number of them. We call the managers in business "Executives" and the military refer to their managers as "Officers." Basically both are engaged in the same activity: They direct the work of others. "Military Management for National Defense" serves all men and women in management. They will come to regard it as a reference book of common interest, and perhaps also as a road map which indicates those specific areas in which the civilian and military managers can profitably swap experiences.

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Plant Layout: Planning and Practice, by RANDOLPH W. MALLICK and ARMAND T. GAUDREAU, John Wiley & Sons, Inc. New York, 1951, $7.50.

WITHIN THE past two years a number of books have been written on the subject of Plant Layout, which is currently receiving deserved attention. In general, these books have been designed for classroom use and could be a formalized presentation of the notes of the teacher. We may suggest that these books were written by those who have "taught it". Now comes this book which is the product of those who have "done it", and incidentally have also taught it. Messrs. Mallick and Gaudreau have written a most practical book on the subject. It appears to be written for the education of the executive and the plant engineer, and it is submitted that it may guard these people against the enthusiasm and optimism of the average layout planner.

It should stimulate executive thinking on the value and extent of plant layout. Early in the book, these authors talk about the money involved, what will the layout put back in the safe, should we subcontract the operation to someone who has the facilities, or a better way of doing it. The executive may have visited shut-down plants for the purpose of buying some machinery at auction and, he may have noticed that some of these plants have pretty good layouts. He will then realize that layout is not the complete answer, that it should be thought out on the drafting board, and is subject to change. The authors point out instances of lengthy planning times

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to impress executives with the seriousness of the subject.

The practical treatment is further evidenced by the planned omission of a chapter on Plant Location. Geographical location should be the province of the consultant, the layout engineer starting with site planning. Likewise facilities usually designed by architects receive bare mention as toilet and washrooms, the detailed design of which should not worry the layout man.

The drawings and illustrations have been contributed by professional, commercial and industrial enterprises rather than credited selections from management and engineering periodicals. The material is refreshingly new. Likewise the size and format of the book are unusual.

There are four parts to the book, (1) Approach to Plant Layout, (2) Planning the Processing Departments, (3) Designing Plant Service Facilities and, (4) Justifying the Layout Project.

It is significant that more pages are devoted to the layout of the service facilities than to the process layout. We are all intrigued by automatic work stations, conveyors, etc. and too little thought has been given to the feeding and care of the work on the line. Practical thought is directed to test areas, maintenance facilities, dispatch stations, power distribution, in addition to the usual provisions for storage and inspection.

The planning of office layouts comes in for considerable discussion. In the past we may have been motivated by favoritism and whimsy in office layout but now attention is directed to the improvement of the efficiency of the clerical worker to match that of the shop operator. The closing chapters deal with the financial matters. The importance of materials handling and its primary consideration in layout is thoroughly covered. The illustrations are of the multiple type on one cut and are individually quite small. The book closes with a case presentation of a layout proposal.

To aid in the teaching of plant layout in industrial engineering and business administration schools, the book will be of considerable use and because of the treatment and the practical background of the authors it could be adopted in many graduate divisions.

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Employee Benefit Plans in Operation, by JAY V. STRONG, Vice-President, The Wyatt Company, Published by The Bureau of National Affairs, Inc., Washington, D.C. Copyright, 1951. 348 pages. $5.00

"One of the most important provisions of a retirement plan," says the author, "is an adequate benefit structure." To this there is added in chapter four, a variety of other considerations, such as proper installation, enrollment procedure, administration, and presentation of plan to employees. All these actions are essential to maximizing the values of a retirement plan.

Three other types of employee benefit plans are discussed in chapters four, five, and six. Attention is given in sequence to group life insurance, temporary disability benefits, and hospitalization and related benefits. The chapter on group life insurance is largely a "rewrite" on the various types of group life insurance including wholesale insurance and salary allotment insurance. The nature of the treatment follows the usual textbook style with an admixture of the approach found in the typical life insurance company brochure.

Chapter 6 is a good discussion of temporary disability benefits. Accident and sick benefits are provided through five different plans: (1) insurance company; (2) mutual benefit association; (3) self-insurance; (4) sick leave; and (5) in some states, through state disability programs. Of especial interest is the discussion of the state disability programs, and the inclusion in the book of Appendix C which gives a comparative analysis of state disability benefits laws.

In chapter seven attention is directed largely to the programs providing hospitalization and other related benefits all of which may be classified under five groups: (1) insured; (2) Blue Cross; (3) Blue Shield; (4) trusteed; (5) others. This chapter concludes with some observations of the problem of voluntary medical care versus compulsory health insurance. Private cooperative plans are being looked upon as enabling people of low incomes to purchase medical care by means of fixed periodic payments according to well-known insurance principles.

The last chapter deals with the inclusion of welfare programs within the scope of collective bargaining. This recent development, says the author, "may have far-reaching social and economic consequences." Of particular interest is the concern of labor unions in retirement plans and the decision in the Inland Steel case, on April 13, 1948. Union attitudes have changed on pensions since the days of Samuel Gompers. Unions have demanded and obtained pension plans and other employee benefits through collective bargaining. Negotiated pension plans are likely to become more widespread in the opinion of the author, Mr. Strong.

This book on "*Employee Benefit Plans in Operation*" is recommended to executives and managers because it presents timely information in a form that can be read as one runs. There are, as has been indicated in this review, other more adequate and perhaps more technical treatises on all four of the main topics treated in this book. However, it is too much to ask that the busy executive read the larger publications. The results are so well summarized in Strong's book that the practical manager or executive should find time to read it, and will be well repaid for so doing.

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Organizational Teamwork: Fact or Fiction?

By PAUL PIGORS

Associate Professor of Industrial Relations
Department of Economics and Social Science
Massachusetts Institute of Technology

Teamwork is the result of deliberate practice in a self-directing group.

AMERICAN INDUSTRIALISTS and businessmen have richly earned the title of individualists. Yet they also value teamwork and have, on occasion, dramatically demonstrated its possibilities.

Presumably it is because executives know the value of such cooperation that they stress teamwork in their organization. Many managers go so far as to say that it characterizes all activity in their company and that every employee "is a member of the team." Some executives, on the other hand, are uncomfortably aware that this statement is more of a slogan than a fact. Yet even they commonly assert, and doubtless believe, that at least every *management representative* is on "The Management Team." But interviews with members of middle and lower management, especially with foremen, supply overwhelming evidence that many of them do not feel or act as though they were teamed up with higher management.

What is the trouble? Is there any reason why every employee, or at least every management representative, should not be a member of "The Team" of which the chief executive is the captain? If this aim is unrealistic, can similar goals be reached?

In order to answer such questions we need to define our terms and analyze the means to desired ends. For instance, what is teamwork, as a social process, and what conditions favor it?

Teamwork is the smoothly coordinated activity that results from long practice of working together in a self-directing, closely knit group. Several factors are essential to its development. One of these is *team spirit.* This attitude has both rational and emotional elements. It is based on the existence of relevant *facts* that are understood, and relevant *feelings* that are shared, by all concerned. Primary among the facts that must be known to all are: (a) the nature of the common aims, (b) the willingness and ability of every member to contribute significantly to these shared purposes, and (c) that each member is more effective because of the activity that he can count on getting from his teammates.

Feelings in each member that contribute to team spirit are: (a) that for the sake of common aims he is willing to subordinate purely personal purposes and (b) to forego rivalry within the team, because (c) in strengthening the team and thus making the realization of mutual aims more likely, he gets greater satisfaction than he could achieve by pursuing more limited ends.

Even this slight analysis of team spirit suggests why it is so difficult for most workers to develop this attitude toward company goals. For instance, how many workers clearly understand and enthusiastically support company aims? How many of them feel convinced that everyone on the payroll is willing and able to go the limit in contributing to company success? How many of the rank and file feel that cooperation in management aims will pay off in direct satisfaction for themselves?

Even if all these questions could be answered in the affirmative, we need to remember that *team spirit is only one prerequisite for teamwork.* Other essentials are: (a) that a team be small enough so that every member intimately knows every other, and (b) that teammates have acted as a unit long enough so that each has learned effectively how to supplement all the others in the kinds of situation in which they are expected to function.

In most business and industrial concerns, size alone makes it impossible for all employees, or even all management representatives, to act as members of one team. It is unrealistic to apply the label "teammates" to people who do not even know each other by sight. And how can members feel confident of supplementing each other effectively when they do not clearly understand many of the different functions performed?

Executives who assert that all company employees are members of "The Team" merely show how little they are thinking about genuine teamwork. Such unrealistic statements can be as damaging to employee morale as the old slogan, "this company is just one big happy family."

Can There Be Team Spirit and Teamwork in a Large Company?

Does this mean that nothing can be done to promote team spirit and to develop teamwork in large companies? By no means. Much can be done, by many people, to set up favorable conditions. Six steps to be taken are as follows:

1. *Management should help to set up and to maintain work teams.*

Arrangements should be made so that every member of the company at each organizational level can be a member of a well integrated work team. From this he can get the threefold experience (a) of *acting* as a teammate, (b) of having

his contributions *supplemented* by teammates, and (c) of being directed by a leader who is a *coach* rather than a boss.

To set up units that can actually function as work teams is more subtle and difficult than is commonly supposed. Technical problems of work efficiency are only part of it. Questions of number and of opportunities for exercising individual initiative enter in. These possibilities are often overlooked at the work level, because it is assumed that peak efficiency and smooth coordination of manipulative action is entirely different from teamwork among administrators and executives. Experience shows, however, that teamwork in every kind of activity is a plus factor that depends in part on team spirit. In order to facilitate this, at the work level, foremen should be given more freedom to recognize and use the informal arrangements for congenial groupings, and for leadership, that are made by workers for themselves.

Thorough analysis of such points would far exceed the scope of this paper. It must suffice to state that promoting teamwork within small groups is a major management responsibility and one that can best be fulfilled by building on what already exists. When these teams are composed of workers, the job of setting them up and keeping them going cannot be done entirely *to* and *for* them. If it gets done at all, it will be *with* and *by* them.

2. *Top management should set the example.*

Too often, management and workers pull against each other in relation to teamwork. When the immediate result is teamwork against company aims, evidences of initiative at the work level and of loyalty within a small group are naturally frowned upon by management representatives. Yet the capacity for teamwork is potentially a company asset. Has management the ingenuity to capitalize on it? Can company aims be translated in terms that win from workers an enthusiasm akin to that they feel for the goals that they set for themselves? Surely a clue to their enthusiasm here is suggested by the fact that the workers do the setting of their own goals. Would it be impossible for them to have some share in thinking about company goals —not the large abstractions that occupy executive minds—but at least some of the subsidiary objectives for which first line supervisors are responsible?

The example of teamwork should constantly be given at top company levels. The chief executive can lead a team made up of his immediate subordinates. Each of these executives then acts not only as a teammate with his colleagues, but also as a coach to a group of his own subordinates, whom he, in turn, leads as a team.

This leadership in teamwork does not, of course, guarantee the spread of team spirit throughout the company, at every level. But it certainly is a favoring condition. Without it, top management cannot reasonably expect to get teamwork at lower organizational levels, or the spirit of company loyalty that is its natural extension. And when disunity among executives is obvious, it inevitably has a demoralizing effect on the organization. In one firm, for instance, every newcomer to the management group soon found it expedient to line up either as a "Yankee" (the faction headed by the executive vice president) or as a "Dodger" (the clique loyal to the works manager).

If a chief executive really wants teamwork in his company, he must be prepared to pay for it. But the cost is high. And the down payment must be made in the precious coin of his own time, thought and effort. Moreover, instalment payments must also be made in follow-up conferences at which he keeps getting up-to-date information on current developments, at all company levels.

3. *Size and organizational arrangements should not preclude a feeling of unity.*

The easiest part of a leader's job is to control his own behavior. A greater challenge comes in guiding and inspiring the activity of subordinates. An executive cannot ensure that teamwork and team spirit typify all company activity. What he can do, however, is to see to it that company-wide decisions do not promote disunity, and are not incompatible with team spirit or company loyalty.

In order to meet this responsibility, it is important that executives should constantly be aware of it. Actually, modern management has been so centered on technical considerations that vital social aims have often been overlooked. For instance, the large size of modern corporations and the complexity of their organizational structure have obvious technical advantages. But Mr. Worthy, of Sears Roebuck and Company, has pointed out that they are also factors in creating disunity and promoting authoritarianism. Specialization of function has been carried to the point in many organizations where employees see little connection between what they do and the success or failure of the enterprise as a whole. It seems likely that mechanical efficiency has often been over-emphasized at the expense of morale. "Intelligent planning on the part of management in setting up the formal structure of organization can do much to improve the quality of human relations in industry. Flatter, less complex structures, with a maximum of administrative decentralization, tend to create a potential for improved attitudes, more effective supervision, and greater individual responsibility and initiative among employees. Moreover, arrangements of this type encourage the development of individual self-expression and creativity which are so necessary to the personal satisfaction of employees and which are an essential ingredient of the democratic way of life." [1]

Small operating branches can, of course, be parts of large companies, just as within a relatively small branch there can (and should) be a number of work teams. A high degree of company loyalty by members of these work teams can be expected only when the branch is small enough to permit the following conditions:

(a) Some acquaintance with representative workers in all other teams,

(b) Adequate understanding of general functions performed by all other teams,

(c) A job that is meaningful in itself, whose relationship to the total scheme is clearly understood.

(d) Some encouragement to use and to develop potential capacities including initiative (either in technical job performance, in making suggestions for technical improvement, or in participating in important decisions, such as those about work routines, the composi-

[1]Worthy, James C., "Organizational Structure and Employee Morale," *American Sociological Review*, Vol. 15, No. 2, p. 179, April, 1950.

tion of work groups and personnel policies),

(e) Adequate and regular contact with supervisors and executives such that: these officials are known as real people, the nature and importance of their functions can be understood, and company goals are real and company policies are understood, as interpreted in the specific decisions and daily activity of these company representatives.

4. *Management representatives should work together to promote company aims.*

In a small operating unit, every management representative can actually be a member of one team. This, of course, makes a sense of unity easier to obtain than when management representatives do not know each other well. But if the chief executive values cooperation within the management group, he can do much to promote it. His own relations with department heads are significant. Does he cultivate a personal relation with each of them and tolerate a spirit of competition where one can get ahead at the expense of another? Or does he encourage teamwork among them as colleagues? Does he make clear that evidences of cooperation among them reflect credit on all concerned, and that executives and administrators *get* credit when they *give* credit to their subordinates for having constructive ideas?

A chief executive's wishes along these lines are communicated not only by what he says, but also in many subtler ways. If he values teamwork he is likely to get it, especially if recognition is based largely on a man's success as a teammate and a coach rather than as a rugged individualist, however brilliant.

One means of eliciting team spirit, and a sign that it already exists, is the habit of informal conferences. If orders are merely passed down the line, and suggestions as to their practicability are not invited from subordinates, this indicates a failure in constructive leadership and a disunity that is destructive of company loyalty. The unfortunate results of such lack of teamwork can briefly be illustrated by an actual example.

In one work section on the night shift, the flow of work was not steady. Workers in this group got into the habit of taking naps when there was nothing else to do. One day this practice was brought to the attention of the works manager. He was outraged. "Management does not pay workers to sleep. It has a right to their undivided attention." The manager at once decreed a company wide campaign against sleeping on the job. The night superintendent was told, and passed the word along to the shift foreman, that the next man caught sleeping on the job would be discharged.

No one thought of asking either of these supervisors, still less any of the workers, such a simple question as: what do you think could be done to improve the situation so as to assure a steady flow of work? Or failing that, what other means were available to keep the men usefully employed? As far as the workers were concerned, no fault was found with their output when they actually were at work. It seemed to them arbitrary to insist on attention when no work was scheduled.

Consequently, the inevitable occurred. While the campaign against sleeping on the job was still in progress, the shift foreman found the men asleep again. He did not want to fire the men. Instead, he issued the warning, "You'd better look out! Next time, the wrong man might catch you."[1]

For a management representative to make such a statement is unfortunate to say the least. Yet, clearly there is no use in blaming him for it. If higher man-

[1]Incidentally, this too occurred. The night superintendent—a new broom—checked up on the situation himself. He caught the men asleep, by-passed the foreman and discharged the men.

Rating Of Time Study Films

ORDERS AND INQUIRIES about the recently released films on the Rating of Time Studies are continuing to come to the National office. To date more than fifty sets have been sold to industry, colleges and consultants.

These films and manual help answer the need for establishing a proper ratio between what is seen and the observer's mental concept of *normal.* In establishing time values for the film's operations it has been found that there is excellent agreement among companies as to production expected in an 8-hour day of the average of qualified incentive operators. The rates are based on a work standard that is fair on a day-in day-out basis.

Stories about the films have been carried by the *New York Times, Business Week, Fortune, Management Review, Mechanical Engineering, The Industrial Ledger, Manage, Mill and Factory,* and others.

The films and manual (10 copies of the manual are supplied with each order) have been thoroughly edited so that the objective of improving rating has been attained. Many firms have already used them and are able to confirm their claims. The films are not magic, but they are useful in doing what they were designed to do—improve the rating of work performance and make it possible for the individual company to compare its ratings with those of other leading firms in the United States.

A condensed version of all operations was shown at the Sixth Time Study and Methods Conference, as well as full reels of all operations. Part of one session of the Conference was given to explanations and actual rating of operations by that audience. Plans have been completed for showing the films for rating at other conferences in the near future.

SAM chapters may earn a set of films by securing orders for ten sets. Films are sold only in full sets of 8 reels on a positive purchase order. No rental films are available.

agement had met its responsibilities of leadership to him, he could not so signally have failed to meet his own obligations as a leader of his own group, and as a loyal follower of his organizational superiors. His behavior showed clearly that he teamed up with workers. He did not act as a representative of management, united with other management representatives effectively to promote the legitimate company aim of productive efficiency.

For practical purposes, the three officials directly concerned in this situation might just as well have been total strangers. They failed to supplement each other effectively because they did not pool their experience or develop joint decisions.

They also failed to represent to workers any positive company policy that would be likely to enlist their enthusiasm and support. The negative order prohibiting sleeping on the job was in line with the abstract goal of productive efficiency but proved useless in winning cooperation under these peculiar circumstances. To resort to discharge is always a confession of failure. Management representatives should exercise all their ingenuity to avoid the necessity of carrying discipline to this point.

Top management can help here by formulating constructive company policies and making serious efforts to ensure that they are thoroughly understood by all management representatives. Unfortunately, however, this means for promoting company loyalty is seldom fully realized. Yet when management representatives do not wholly understand and enthusiastically support company policies, how can they be expected effectively to represent top management?

5. *All management representatives should effectively represent top management; guided by company policies.*

In most companies, "management policy" is a term with little positive meaning for anyone, and no clear connection with specific management decisions at or near the work level.

Whenever management representatives are confronted by difficult personnel problems, "company policy" may be used as a convenient shield behind which management can take cover. And few workers are so bold as to attempt to get behind it. In most cases, they do not even know what any given policy is. But, by the same token, few executives have reason to feel satisfied with the effect of management policy as a guide to management decision, or as a means of making company aims seem clear to employees.

The following example shows how convenient it may be to duck behind the word, "policy," when workers criticize a decision as unfair. But is management demonstrating a spirit of unity that sets a good example to workers when it disowns one of its representatives whose behavior is out of line with so-called management policy?

In one company, Joseph Novak, a Polish tool and diemaker, complained that people of his nationality were discriminated against by unfair employment practices. The following conversation took place:

"LeRoux (Foreman) : Joe, what about that remark you made that you have to be French to get anything here?

Novak: Yes. I made that remark. It's true.

LeRoux: Have you any reason for it?

Novak: Look! When Pierre (LeRoux's predecessor) was foreman in the toolroom we had a Polish fellow working downstairs — I forget his name. Finally so many men were drafted they give that job on the grinder to him. He was young and fast—very good. Finally that guy decided to go into the Army, too. Pierre didn't want to release him. But anyway that guy said: 'I will go.' Then the foreman said to him and to me —I was shop steward at the time—'If that guy go, we won't line another Polack into the Toolroom.' And I felt offended. Honest, I feel it. I thought so many Polish young guys, even my two kids, was in the Army fighting, and I was helping to build the fixtures for all the machine guns and working like heck, and now the foreman stating that . . .

Endicott (Personnel Administrator) : *Novak, do you, in your own mind, hold that statement made by that man as a reflection of company policy?*

Novak: Not the company policy.

Endicott: Well, why did you make that statement?

Novak: Well look! I made that statement because the officials here in the big office, they even 98% not know the small things that happen in the toolroom. The toolroom is only one department — sometimes things happen and they even never know what's happening — little things like that."

In this case, the worker evidently believed that company policy might be better than what was represented by the foreman's threat. But can executives and administrators be satisfied merely to disown practices which so ineffectually represent top management purposes and plans?

6. *The means to company ends should not be destructive of company loyalty.*

Top management cannot, of course, guarantee that every decision made by all its representatives is entirely in line with constructive corporate purposes. But much can be done by getting the right kind of men as leaders at every organizational level, by guiding their thinking through constructive personnel policies, by supporting their decisions as much as possible, and by taking affirmative corrective action whenever a lapse has occurred.

The situation is more difficult when outside agencies must also be depended upon. Their decisions and methods are less subject to management control. Yet executives are no less responsible for the effect on company members of everything done by experts whom they hire. The choice of means to implement a company aim may be technically efficient but humanly undesirable. Yet how can a top executive duck the responsibility for the total result?

In stores, for example, the honesty of sales personnel should be above question. To ensure this is certainly a legitimate management aim. But a method commonly accepted to attain this end in department stores is questionable on social grounds. This is the system of having an outside agency send in "test shoppers" who not only check a sales person's efficiency and courtesy but also act as *agent provocateurs*. For example, part of their technique is deliberately to entrap sales personnel.

When such control systems are sanctioned by management, although they are carried on by outsiders, is it likely

that employees will feel united with executives in a spirit of company loyalty?

WHAT DOES IT ALL ADD UP TO?

Executives could multiply cases to illustrate failures in teamwork for which blame could be widely distributed. All of us could say the same, about every organization that we belong to, including our own families. And what does it prove? Mainly, perhaps, that cooperation at the level of teamwork is hard to get, harder still to maintain, and impossible to enforce.

Management cannot reasonably demand it. Even executives who evoke cooperation by demonstrating teamwork in their own work group cannot ensure its spread through the company. But if they want it, and believe in it, they can do no less than their best to establish conditions that favor it. Thus they should try to make sure:

1. That every company member has a recognized place on some work team;
2. That the example of teamwork is clearly given at top company levels;
3. That operating units are small enough, and their organization sufficiently simple, so that every employee can see his part, and feel a stake in the success of the whole unit;
4. That every member of management demonstrates his sense of unity with every other member and his feeling of responsibility for company aims;
5. That all management representatives are enabled actually to represent management in such ways as interpreting company policies; and
6. That none of the means chosen to attain company ends is destructive of company loyalty.

In order to realize these conditions, and to know what more needs to be done, higher management should make sure that it is constantly getting first-hand reports of current developments. These should be relayed up the line from all organizational levels. In this way top management may learn the answer to such vital questions as: How widespread is understanding of company aims? How general is the feeling that such aims, and the means chosen to implement them, are socially valid? How well represented in the process of planning are the various groups on whom top executives depend for action?

Unless representatives from all groups can have some share in the process of shaping company decisions that concern them, how can they reasonably be expected to feel responsible for the results? Top management can, if it likes, assert its "right" to monopolize planning. But in this case it cannot fairly reproach workers, or even foremen, for disclaiming responsibility about anything beyond minimum standards of manipulative work. When subordinates are not encouraged to develop a sense of partnership, how can they be blamed for taking the attitude: "I should worry about company goals and policies. I only work here."

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